Securities Report
for the Fiscal Year
ended December 31, 2013

(The English Translation of the
"Yukashoken-Houkokusho"
for the Fiscal Year ended December 31, 2013)

Fullcast Holdings Co., Ltd.

This document has been translated from the Japanese original text of “Yukashoken-Houkokusho” for reference purposes only. While our best efforts were made to ensure the accuracy of the English translation, the Japanese original shall prevail if any discrepancies between the translation and the Japanese original arise. Furthermore Fullcast Holdings Co., Ltd. cannot be held responsible for this translation or for direct, indirect or any other damages arising from the translation.

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[Form Submitted]	Securities Report
[Legal Basis]	Paragraph 1 of Article 24 of the Financial Instruments and Exchange Act
[Submitted To]	Director of the Kanto Local Finance Bureau
[Date Submitted]	March 28, 2014
[Fiscal Year]	21th (January 1, 2013 to December 31, 2013)
[Company Name]	Fullcast Holdings Co., Ltd.
[Representative Name and Position]	Kazuki Sakamaki President, Representative Director and CEO
[Head Office Address]	8-9-5 Nishi Gotanda, Shinagawa-ku, Tokyo
[Phone Number]	03-4530-4831
[Business Contact]	Yasuomi Tomotake, General Manager of the Accounting and Finance Department
[Closest Contact]	8-9-5 Nishi Gotanda, Shinagawa-ku, Tokyo
[Phone Number]	03-4530-4831
[Business Contact]	Yasuomi Tomotake, General Manager of the Accounting and Finance Department
[Location to Submit to Inspection]	Tokyo Stock Exchange Group, Inc. (2-1 Nihombashi Kabutocho, Chuo-ku, Tokyo)

Section 1 Corporate Information

Part 1 Corporate overview

1. Trends in key performance indicators

(1) Consolidated performance indicators

Item		Term 17	Term 18	Term 19	Term 20	Term 21
Date of settlement		Sep.2009	Sep. 2010	Sep. 2011	Dec. 2012	Dec. 2013
Net sales	(millions of yen)	57,293	36,084	34,316	36.896	17,462
Ordinary income (loss)	(millions of yen)	(925)	1,223	1,480	1,772	578
Net income (loss)	(millions of yen)	(6,870)	541	2,143	1,427	480
Comprehensive income	(millions of yen)	—	—	2,006	1,471	482
Net assets	(millions of yen)	1,724	2,491	3,931	5,402	5,884
Total assets	(millions of yen)	13,072	11,479	8,747	8,236	8,605
Net asset per share	(yen)	33.57	46.83	102.15	140.37	152.88
Net income (loss) per share	(yen)	(212.88)	14.05	55.68	37.08	12.48
Diluted net income per share	(yen)	—	—	—	—	—
Equity ratio	(%)	9.9	15.7	44.9	65.6	68.4
ROE	(%)	(155.0)	34.9	74.7	30.6	8.5
Price-earnings ratio	(multiples)	—	2.9	2.4	3.8	21.3
Net cash provided by (used in) operating activities	(millions of yen)	1,401	1,951	1,585	2,475	509
Net cash provided by (used in) investing activities	(millions of yen)	1,573	(348)	(173)	(189)	101
Net cash provided by (used in) financing activities	(millions of yen)	(7,937)	(1,651)	(2,952)	(1,461)	—
Cash and cash equivalents at the end of period	(millions of yen)	4,914	4,867	3,328	4,152	4,763
Number of employees (Other, average number of temporary workers)		1,937 (704)	1,532 (645)	519 (287)	489 (289)	452 (356)

Notes : 1. Net sales do not include consumption tax.

2. Diluted net income per share is not listed because there were no latent shares.

3. According to a resolution of the 19th annual general meeting of shareholders held on December 22, 2011, our Company changed its fiscal year end from September 30 to December 31. As a result, term 20 was an irregular accounting period of 15 months from October 1, 2011 to December 31, 2012.

4. The Company split common shares at a ratio of 100 to one share on July 1, 2013. For the purpose of calculating net asset and income per share, it is assumed that the stock split was done at the beginning of the Term 17.

(2) Performance indicators for submitting companies

Term		Term 17	Term 18	Term 19	Term 20	Term 21
Date of settlement		Sep. 2009	Sep. 2010	Sep. 2011	Dec. 2012	Dec. 2013
Operating income	(millions of yen)	2,191	1,004	1,221	2,849	3,253
Ordinary income	(millions of yen)	1,430	452	731	1,201	1,375
Net income (loss)	(millions of yen)	(2,002)	57	1,251	1,192	1,350
Capital stock	(millions of yen)	3,741	2,780	2,780	2,780	2,780
Shares issued	(shares)	395,964	395,964	395,964	395.964	38,486,400
Net assets	(millions of yen)	52	100	1,352	2,549	3,900
Total assets	(millions of yen)	7,573	5,592	3,953	3,936	5,124
Net asset per share	(yen)	1.36	2.61	35.14	66.22	101.33
Dividend per share (Interim dividend per share)	(yen) (yen)	— (—)	— (—)	— (—)	— (—)	14.00 (—)
Net income (loss) per share	(yen)	(62.04)	1.49	32.49	30.98	35.09
Diluted net income per share	(yen)	—	—	—	—	—
Equity ratio	(%)	0.7	1.8	34.2	64.8	76.1
ROE	(%)	(69.3)	75.1	172.2	61.1	41.9
Price-earnings ratio	(multiples)	—	27.6	4.1	4.6	7.6
Payout ratio	(%)	—	—	—	—	39.9
Number of employees (Other, average number of temporary workers)		17 (1)	25 (1)	25 (1)	104 (13)	111 (65)

Notes : 1. Operating income does not include consumption tax.

2. Diluted net income per share is not listed because there were no latent shares.

3. According to a resolution of the 19th annual general meeting of shareholders held on December 22, 2011, our Company changed its fiscal year end from September 30 to December 31. As a result, term 20 was an irregular accounting period of 15 months from October 1, 2011 to December 31, 2012.

4. The Company split common shares at a ratio of 100 to one share on July 1, 2013. For the purpose of calculating net asset and income per share, it is assumed that the stock split was done at the beginning of the Term 17.

2. Corporate history

Sep 1990	Established Resort World Co., Ltd. (Currently Fullcast Holdings Co., Ltd.) in Minato-ku, Tokyo
Sep 1992	Changed our corporate name to Fullcast Co., Ltd.
Oct 1992	Began short-term business contracting
Oct 1994	Moved our head office to Shibuya-ku, Tokyo
Jan 1995	Signed a franchise contract with Fullcast Osaka Co., Ltd., located in Chuo-ku, Osaka
Sep 1995	Established Seiwa Service Co., Ltd. in Shinjuku-ku, Tokyo
Jan 1996	Established Entry Co., Ltd. in Kodaira-shi, Tokyo
Oct 1997	Established Fullcast Lady Co., Ltd. (Currently Fullcast Co., Ltd., now a consolidated subsidiary; reorganized into a joint-stock company in Oct 1999)
May 1998	Changed the name of Kanagawa School Entrance Research Association Co., Ltd. (established July 1989, Currently: YUME TECHNOLOGY CO., LTD.,) to Fullcast With Co., Ltd.
Oct 1998	Fullcast With Co., Ltd. approved to conduct general worker dispatching
Jan 1999	Newly established a factory business section, and began factory-line contracting business Fullcast Lady Co., Ltd. approved to conduct general worker dispatching
Apr 1999	Fullcast With Co., Ltd. approved to engage in employment placement business
June 1999	Merged with Fullcast Osaka Co., Ltd., Entry Co., Ltd., Dual Support Co., Ltd. (formerly Seiwa Service Co., Ltd.)
Nov 1999	Established Fullcast System Consulting Co., Ltd.
Mar 2000	Established Fullcast HR Consulting Co., Ltd. and commenced business after acquiring Fullcast With Co., Ltd.'s personnel consulting department in April of the same year.
Sep 2000	Established Fullcast Factory Co., Ltd., and commenced business after acquiring the Factory department in October of the same year
June 2001	Listed shares on an over-the-counter market (Currently Tokyo Stock Exchange JASDAQ, Standard)
Apr 2002	Established Fullcast Central Co., Ltd. by merging with Central Motor Co., Ltd. and Daisho Industry Co., Ltd. and began our factory-line contracting business that catered specifically to the automobile industry
Oct 2002	Fullcast With Co., Ltd. and Fullcast System Consulting Co., Ltd. merged, and their name was changed to Fullcast Technology Co., Ltd. (Currently YUME TECHNOLOGY CO., LTD.). Assumed part of Fullcast Lady Co., Ltd.'s business through an absorption-type split, Fullcast Lady Co., Ltd. specializing in office-type short-term business contracting and dispatching, and changed its name to Fullcast Office Support Co., Ltd. (Currently Fullcast Co., Ltd., now a consolidated subsidiary)
Jan 2003	Fullcast Office Support Co., Ltd. approved to engage in employment placement business. Fullcast HR Consulting Co., Ltd. merged with Fullcast Office Support Co., Ltd. (Currently Fullcast Co., Ltd., now a consolidated subsidiary)
Sep 2003	Listed shares on the Second Section of the Tokyo Stock Exchange
June 2004	Acquired 100% ownership of Apayours Co., Ltd. through stock swap
July 2004	Fullcast Technology Co., Ltd. (Currently YUME TECHNOLOGY CO., LTD.) approved to conduct general worker dispatching
Sep 2004	Moved to the First Section of the Tokyo Stock Exchange
Oct 2004	Established Fullcast Finance Co., Ltd.
Nov 2004	Approved to conduct general worker dispatching
Mar 2005	Acquired 100% ownership of Human Resources Research Institute Inc. (Currently Fullcast Co., Ltd., now a consolidated subsidiary) through transfer of shares Acquired naming rights for Tohoku Rakuten Golden Eagles' home stadium, "Fullcast Stadium

	Miyagi” (in October 2007 we dissolved our contract, and declined use of the name)
Jun 2005	Established an American Depositary Receipt (ADR) Program
Oct 2005	Fullcast Office Support Co., Ltd. merged with Human Resources Research Institute Inc. (the surviving company was Human Resources Institute of Research Co., Ltd.), and changed their name to Fullcast HR Institute Co., Ltd. (Currently Fullcast Co., Ltd., now a consolidated subsidiary)
	Asia Pacific System Research Co., Ltd. became a subsidiary through a third party placement of stock and stock acquisition
	Fullcast Technology Co., Ltd. (Currently YUME TECHNOLOGY CO. LTD.) listed on the JASDAQ Securities Exchange (Currently Tokyo Stock Exchange JASDAQ, Standard)
May 2006	Acquired 100% ownership of Nihon Security Guard Co., Ltd. (Currently Fullcast Advance Co., Ltd., now a consolidated subsidiary) through transfer of shares
June 2006	Acquired 100% ownership of Exe Outsourcing Co., Ltd. (Currently FPLAIN CO., LTD., now an equity method affiliate) through transfer of shares
May 2007	Acquired 100% ownership of Info-P Co., Ltd. through stock swaps
June 2007	Acquired 100% ownership of Net It Works, Inc. through transfer of shares
July 2007	Transferred all shares held in Apayours Co., Ltd. to its founder
Oct 2008	Transitioned to a pure holding company system through new division of corporate functions, and changed our corporate name Fullcast Holdings Co., Ltd., all business relating to sales performed by Fullcast HR Institute Co., Ltd. (Currently Fullcast Co., Ltd., now a consolidated subsidiary)
Nov 2008	All shares held in Asia Pacific System Research Co., Ltd. transferred to Canon Electronics Inc. in a takeover bid
Mar 2009	Transferred all shares held in Info-P Co., Ltd.
May 2009	Transferred all shares held in Fullcast Finance Co., Ltd.
June 2009	Transferred all shares held in Fullcast Factory Co., Ltd. and Fullcast Central Co., Ltd.
Aug 2009	Transferred all shares held in Net It Works, Inc.
June 2010	Integrated head-office functions of the Company and all Group companies (excluding Fullcast Technology Co., Ltd. (Currently YUME TECHNOLOGY CO., LTD.)), East Communication Inc. and EKO-SYSTEM Inc.)
May 2011	Fullcast Marketing Co., Ltd. (Currently FPLAIN CO., LTD., now an equity method affiliate) was changed to an equity method affiliate due to a partial transfer of stock and allocation of its new stock to a third party.
	A takeover bid for Fullcast Technology Co., Ltd. (Currently YUME TECHNOLOGY CO. LTD.) was offered by Yumeshin Holdings Co., Ltd. and all owned shares were transferred.
Apr 2012	Acquired 100% ownership of OtetsudaiNetworks, Inc., (currently our consolidated subsidiary), through transfer of shares.
Oct 2012	With the implementation of the Revised Worker Dispatching Act, Fullcast Co., Ltd. and Top Spot Co., Ltd. started new services—“part-time employment placement” and “part-time worker payroll management services.”

3. Description of business

Our Group is expanding its "short-term operational support business" (providing timely short-term personnel services in response to changes in the amount of work at corporate customers) and the "security business" (providing security services mainly for public facilities and corporations). Along with the implementation of the Revised Worker Dispatching Act in October 2012, the short-term dispatching service in the short-term operational support business has been shifted to new services of "part-time employment placement" and "part-time worker payroll management."

The following business segments are identical to the segments contained in segment information by type of business, listed in "Part 5 Financial Condition, 1 (1) Consolidated Financial Statements, Notes."

Short-term operational support business (short-term personnel service, event personnel service)

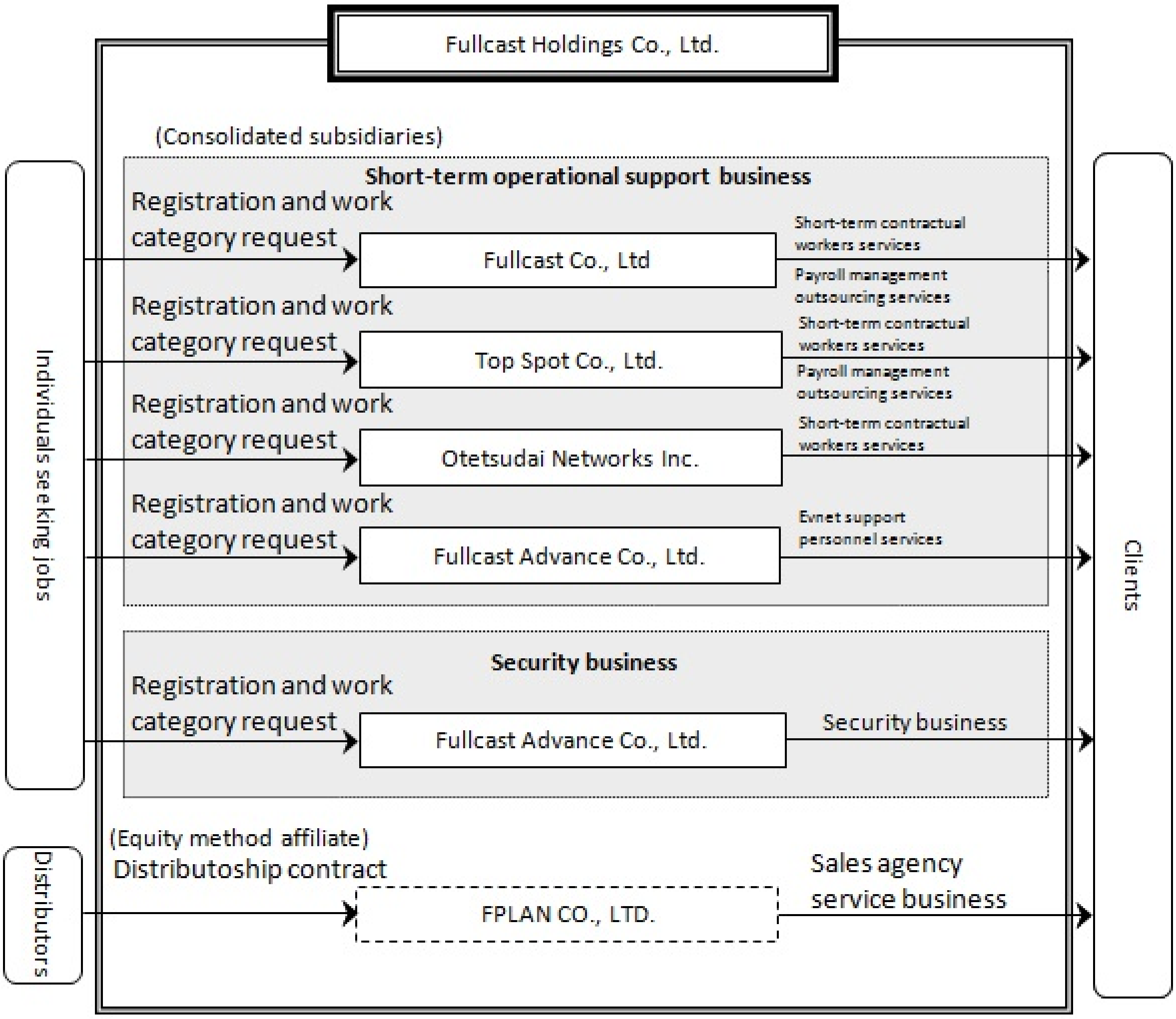
[Main companies]	Fullcast Co., Ltd.
	Top Spot Co., Ltd.
	Fullcast Advance Co., Ltd.
	OtetsudaiNetworks, Inc.

Security business

[Main companies]	Fullcast Advance Co., Ltd.

Please note that Fullcast Holdings Co., Ltd. is a specified listed company falling under the categories of a specified listed company, de minimus standards for material facts concerning insider trading regulations will be judged based on the consolidated data.

A diagram of our business activities is shown below:



Note 1: The above diagram is current as of December 31, 2013.
Note 2: [double-bordered box] is Fullcast Holdings Co., Ltd., [box] is a consolidated subsdiary, [dashed box] is a equity method affiliate.
Note 3: Fullcast Marketing Co., Ltd. has changed its company name to FPLAIN CO., LTD. on April 1, 2013.

4. Status of affiliate companies

Company	Location	Capital (millions of yen)	Major business activities	Voting shares (%)	Issues to be noted
(Consolidated subsidiary) Fullcast Co., Ltd. (Note 2, 4)	Shinagawa-ku, Tokyo	80	Short-term operational support business	100.0	- We sublet a part of our rented building to this company for office use. - We provide services such as management advice, business outsourcing, and system lease. - Concurrent directorates: 2 - Provides financial support: borrowing and lending operating capital
Top Spot Co., Ltd. (Note 2)	Shinagawa-ku, Tokyo	80	Short-term operational support business	100.0	- We provide services such as management advice, business outsourcing, and system lease. - Concurrent directorates: 2 - Provides financial support: borrowing and lending operating capital
Fullcast Advance Co., Ltd. (Note 4)	Shinagawa-ku, Tokyo	50	Security business, Short-term operational support business	100.0	- We sublet a part of our rented building to this company for office use. - We provide services such as management advice, business outsourcing, and system lease. - Concurrent directorates: 1 - Provides financial support: borrowing and lending operating capital
Fullcast Business Support Co., Ltd.	Shinagawa-ku, Tokyo	9	Company-wide	100.0	- We sublet a part of our rented building to this company for office use. - We provide services such as management advice, business outsourcing, and system lease. - Provides financial support: borrowing and lending operating capital
OtetsudaiNetworks Inc.	Shinagawa-ku, Tokyo	30	Short-term operational support business	100.0	- We sublet a part of our rented building to this company for office use. - We provide services such as management advice, business outsourcing, and system lease. - Concurrent directorates: 1 - Provides financial support: borrowing and lending operating capital
(Equity method affiliates) FPLAIN CO., LTD. (Formerly Fullcast Marketing Co., Ltd.)	Minato-ku, Tokyo	681	Agency agreement, Sales agency operation	23.81	- Concurrent directorates: 1

Notes: 1. The “major business activities” category follows the business segment classification.
2. Specified subsidiary.
3. None of the companies listed above has submitted securities registration statements or securities reports.
4. Sales by Fullcast Co., Ltd. and Fullcast Advance Co., Ltd. (excluding internal sales among consolidated companies) account for over 10% of consolidated sales.

Key earnings information (Millions of yen)

	Fullcast Co., Ltd.	Fullcast Advance Co., Ltd.
Net sales	12,802	3,738
Ordinary income	192	60
Net income	142	48
Net assets	2,494	442
Total assets	3,939	898

5. Number of employees

(1) Status of consolidated companies

(As of Dec. 31, 2013)

Name of segment	Number of employees
Short-term operational support business	282 [276]
Security business	49 [9]
Company-wide (shared)	121 [71]
Total	452 [356]

Notes: 1. "Number of employees" is the number of employees engaged in work, and the approximate average yearly number of temporary employees is listed within the parentheses.

2. The number of employees listed as "Company-wide (shared)" indicates the number of employees who belong to administrative departments that cannot be attributed to specific business segments.

3. The main reason for the increase in the number of temporary employees of 67 in the current business year was the impact of the increased hiring of part-time workers for the reinforcement of the operational system for the new part-time worker payroll management service.

(2) Status of the submitting company

(As of Dec. 31, 2013)

Number of employees	Average age (years old)	Average length of employment (years)	Average annual salary (thousands of yen)
111 [65]	33.7	5 years and 11 months.	4,650

Notes: 1. "Number of employees" is the number of employees engaged in work, and the approximate yearly average number of temporary employees is listed within the parentheses.

2. "Number of employees" is the number of employees transferred from Fullcast Co., Ltd.

3. "Average annual salary" includes bonuses and additional wages.

4. The Company's employees mainly handle management and planning related to the Fullcast Group, and they are categorized as company wide (shared).

5. The main reason for the increase in the number of temporary employees of 52 in the current business year was the impact of the increased hiring of part-time workers for the reinforcement of the operational system for the new part-time worker payroll management service.

(3) Status of labor unions

No enterprise unions have been formed at the Company or Group. Regarding labor-management relations, there are no items worthy of special mention.

Part 2 State of business

1. Performance overview

(1) Performance

During the fiscal year under review, the Japanese economy underwent a gradual recovery, with improvements in corporate earnings and increases in equity prices resulting from economic stimulus measures implemented by the new administration, in addition to the trend of a weaker yen after the change of administration. Going forward, the economic recovery is expected to grow stronger on the back of increases in household income and improvements in investments, along with the effects of the government policies and a recovery in exports. At the same time, clouds of uncertainty remain on the economic horizon due to concerns over the potential for weaker consumption arising from the impending increase in the consumption tax, fiscal problems in Europe, and the outlook for potential weakening in the United States economy due to a tightening of the easy monetary policies. With regards to the environment for human resource services, unemployment on the whole is gradually declining due to the economic recovery. Improvements in other areas are also beginning to be seen, such as increases in the job-offers-to-applicants ratio as new job offers increased. With the economic recovery becoming more pronounced, the employment environment is expected to continue to recover.

Against this backdrop during the current fiscal year, Fullcast Holdings Co., Ltd. implemented group management strategies to fortify its business foundations for its new services including the part-time employment placement and part-time worker payroll management services, which were launched along with the implementation of the Revised Worker Dispatching Act on October 1, 2012.

We recorded net sales of 17,462 million yen despite slower than expected progress in the short-term operational support business.

In terms of profits, the margin of profits continued to improve since the launch of our new services and we recorded consolidated operating income of 338 million yen due to improvements in efficiencies through systematization and other initiatives to review operations, reductions in recruiting costs due to more effective recruiting, and increases in operational efficiency. At the same time, we recorded ordinary income of 578 million yen, mainly due to 227 million yen in share of profit of entities accounted for using equity method as non-operating income and the impact of sales of investment securities of FPLAIN CO., LTD. (formerly Fullcast Marketing Co., Ltd.), an equity accounting method held affiliate. We were able to record net income of 480 million yen during the fiscal year under review due to a 90 million yen gain on sales of investment securities from the transfer of shares of FPLAIN CO., LTD. (formerly Fullcast Marketing Co., Ltd.), 69 million yen gain arising from changes in equity of an equity accounting method held affiliate contributing to an increase in capital booked as extraordinary income, 81 million yen booked as extraordinary loss arising from impairment of noncurrent assets and the goodwill of our subsidiary Otetsudai Networks Inc. at the time of its acquisition during the second quarter, and 92 million yen and 80 million yen booked as current and deferred income tax, respectively.

We changed our fiscal year end from September 30 to December 31 during the previous fiscal year. Therefore, we do not provide year-over-year comparisons for the year under review, as the fiscal year ended December 2013 covers different months (January to December 2013) than those (October 2011 to December 2012) in the fiscal year ended December 2012.

Results by business

The results for each of our business segments are as follows.

1) Short-term operational support business

We recorded net sales of 15,665 million yen due in part to slower than expected progress in the realization of our plans. At the same time, we were able to record operating income of 834 million yen due to improvements in efficiencies through systematization and other initiatives reviewing our operations, reductions in recruiting costs arising from greater efficiency in recruiting, and increases in operational efficiency.

2) Security business

We recorded net sales of 1,797 million yen, as we were unable to acquire new manned long-term security business as called for by our plans, and have also not been able to acquire temporary security business orders as expected throughout the period. In terms of profits, we recorded operating income of 101 million yen as the decrease in sales could not be completely offset by our efforts throughout the fiscal year to restrain selling, general, and administrative expenses.

(2) Cash flows

At the end of the fiscal year under review, cash and cash equivalents (hereinafter referred to as "funds") increased by 611 million yen from the end of the previous fiscal year to 4,763 million yen at the end of the current fiscal year.

(Net cash from operating activities)

Funds provided by operating activities were 509 million yen, due mainly to income before income taxes and minority interests of 652 million yen, depreciation and amortization of 197 million yen, income tax refund of 140 million yen, and impairment loss of 81 million yen, with income taxes paid of 272 million yen, share of profit of entities accounted for using an equity method of 227 million yen, and a gain on sales of investment securities of 88 million yen.

(Net cash from investing activities)

Funds provided by investing activities were 101 million yen, due mainly to a collection of loans receivable of 195 million yen and proceeds from sales of investment securities of 158 million yen, despite expenditure for purchase of intangible assets of 217 million yen and purchase of property, plant, and equipment of 34 million yen.

(Net cash from financing activities)

No funds were used by financing activities.

We changed our fiscal year end from September 30 to December 31 during the previous fiscal year. Therefore, we do not provide year-over-year comparisons for the year under review as the fiscal year ended December 2013 covers different months (January to December 2013) than those (October 2011 to December 2012) in the fiscal year ended December 2012.

2. State of production, orders received and sales

(1) Results of production and orders received

The Company Group does not typically perform production activities, and due to the extremely short period from the acceptance of orders to the booking of sales in our short-term operational support business, we cannot display the scope of orders received as a monetary amount.

(2) Sales performance

Name of segment	FY12/13 (From January 1, 2013 to December 31, 2013) (millions of yen)
Short-term operational support business	15,665
Security business	1,797
Total	17,462

Notes: 1. Consumption tax is not included in the amounts listed above.
2. Elimination is performed for intersegment transactions.
3. We changed our fiscal year end (from September 30 to December 31) during the previous fiscal year. Therefore, we do not provide year-over-year comparisons for the year under review as the fiscal year ended December 2013 covers different months (January to December 2013) than those (October 2011 to December 2012) in the fiscal year ended December 2012.

3. Issues to be addressed

With the implementation of the Revised Worker Dispatching Act on October 1, 2012, we changed our operations from short-term dispatching business to new services—“part-time employment placement” and “part-time worker payroll management services”—in the “short-term operational support business,” which is the main business of our Group. We will strive to increase earnings with the shift in our main management focus from the “establishment of a solid business foundation for new services” to “further expansion of new services.”

In the future, we will continue to promote rationalization as a means of fortifying our management structure, while giving the highest priority to compliance. We also seek to restore the confidence of all our stakeholders in our Company.

4. Risks associated with businesses

Major potential risk factors for the Fullcast Group in the course of our business operations are described below. As part of our policy of proactive disclosure of information to investors, risk descriptions may also include matters that do not necessarily fall under the category of business risks, but which may be regarded as important for investors in making investment decisions or understanding the Group’s business activities. The Group seeks to proactively identify potential business risks, prevent their occurrence and take adequate measures to address them should they appear. The following statements may contain risk factors forecast for the future, although it is based on our best judgment as of the date of reporting of these financial statements.

(1) The Group’s policy for business growth

We endeavor to raise our competitive position by strict adherence to corporate governance, promoting speed in the strategic decision making process of our management and in the implementation of various strategies. However in the event that our restructuring takes longer than anticipated, and the contribution to our earnings does not proceed as planned, our Group’s earnings could be negatively impacted.

In the short-term operational support business, we launched new business models such as “part-time employment placement,” and “part-time worker payroll management services,” in response to the Revised Worker Dispatching Act implemented on October 1, 2012. However, our Group’s earnings could be seriously impacted should the earnings of these businesses stray from expectations.

In addition, we maintain a policy of selling shares in affiliates or marketable securities of companies which do not offer synergies with any of our Group’s businesses. Also, our Group’s earnings could be profoundly impacted by implementation of impairment accounting during times when market capitalization or the actual value of companies whose shares we hold deteriorate.

(2) Legal regulations

a) Changes in legal regulations

Our Group earnings could be largely impacted by revisions or changes in the interpretation of the Worker Dispatching Act, Labor Standards Act, Employment Security Act, Workmen's Accident Compensation Insurance Act, Health Insurance Act, Employees Pension Insurance Act, and other related acts taken in response to changes in the labor market environment.

b) Part-time employment placement business

The Group provides paid-for employment placement business under the license of Minister of Health, Labor and Welfare in accordance with the Employment Security Act. The license is valid for 5 years. When the renewal of the license becomes necessary but is not given because we do not meet the requirements for the license as specified in Article 31, or we fall under the category of disqualification or revocation grounds of the license as stipulated in Article 32, we may not be able to continue the provision of our services, which could seriously impact the performance of our Group.

c) Worker dispatching service

Our Group provides worker dispatching services under the license of Minister of Health, Labor and Welfare in accordance with the Worker Dispatching Act. If the Group should become subject to disqualification, our license could be cancelled or orders to suspend or halt our operations could be issued.

With the launch of the Long-Term Dispatch Business Officer Certification System, our Group is committed to compliance and risk management to prevent any violation of acts and ordinances. However if licenses are cancelled or if other measures are taken, we may be prevented from providing employee dispatching services and our Group's performance could be seriously impacted.

d) Part-time worker payroll management service

Whereas our Group conducts outsourced businesses independently of the contracting client company based upon an outsourcing agreement, we may become liable for damages caused by incompletion of outsourced business or delays in reporting. Depending upon the amount to be paid for damages, our Group's earnings could be negatively impacted if we are not able to absorb these costs through increased efficiencies of our overall operations and other cost cutting measures.

e) Onsite subcontracting service

As an onsite subcontracting service provider based on sub-contracts, our Group completes its contracted work independently and directly at the client company of such contract. In carrying out the work involved, we follow the commonly accepted practices (as defined in Notice No. 37 of 1986 by Japan's Ministry of Labour) that separates and distinguishes between the employee dispatching and the subcontracting business and other relevant laws and regulations.

Due to the nature of subcontracting services, we are at risk of low productivity and product failure. If we cannot absorb these factors through increased efficiencies of our overall operations and other cost cutting measures, our Group's earnings could be negatively impacted.

f) Sharing of social insurance contributions

There is a possibility that the prohibition of day worker dispatching of 30 days or less by the Revised Worker Dispatching Act would result in increased numbers of workers being enrolled in social insurance over the long-term worker dispatch. There is also a possibility of expanded coverage of social insurance by future revisions of the law. In such cases, payments for social insurance would increase.

Moreover, if enrollment conditions are relaxed for employment insurance, the number of cases to be processed for insurance acquisition and loss may increase significantly. Therefore, there is a possibility that fees for clerical work may also increase. In the event that we cannot pass along these higher costs to our customers in the form of higher prices or absorb them through increased efficiencies of our overall operations and other cost cutting measures, our Group's earnings could be negatively impacted.

(3) Managing databases of client firms and staff

Our Group constantly strives to provide staff best matched to the needs of client companies and deploy staff for clients promptly and efficiently. To facilitate this, our Group manages a database that contains information on staff work attitudes and experience by job classification as well as on clients.

To be prepared for the eventuality of a malfunction of servers, our Group maintains backup databases, while the servers themselves are operated in redundant configuration with multiple machines in preparation for any potential problems. However, if these servers were to fail simultaneously as a result of problems such as earthquakes or other natural disasters, the Group's operations could be seriously impeded and its earnings may be negatively impacted.

In the future, we expect to make investments in information technologies as needed to help differentiate our Company from our competitors in terms of costs and services offered. Deterioration in the effectiveness of these investments could reduce their contribution to sales and earnings growth.

To appropriately manage personal information and other data, we endeavor to prevent unauthorized access, as well as loss, destruction, falsification or unauthorized disclosure of personal information by establishing clear handling rules, strictly controlling access rights to the system and stepping up internal inspections. However, our Group earnings could be largely impacted if any security breaches of the personal information we maintain occurs, we could lose the trust of the public, and claims for damages could result.

(4) Workplace accidents and transaction-related trouble

a) Part-time employment placement service

In the process of selecting staff members who apply for jobs, if our Company places a staff member who does not meet the recruitment requirements of the client company due to our negligence, the client company may file a suit against us for breach of contract or demand other compensation. Although the Group has a compliance system under which personnel in charge of legal affairs can handle various legal risks, our performance may be seriously impacted by such accidents depending upon their nature and the amount of money involved.

b) Employee dispatching service

In the event that a staff member dies, is injured, or becomes ill in the course of performing business tasks or due to causes attributable to work at the dispatched work place, our Group as an employer may become responsible to pay compensation according to the relevant laws and regulations including the Labor Standards Act and the Workers'Accident Compensation Insurance Act. (Destination business owners that are our clients bear the employer's liability in accordance with the Industrial Safety and Health Act, and are obliged to protect the safety of staff in accordance with the Civil Code.)

Our Group endeavors to enhance staff awareness of safety by promoting occupational health and safety training, as well as by providing safety equipment and releasing bulletins for on-the-job vigilance to prevent injury and illness. To provide better worker protection, our Group has taken out an insurance program to pay agreed claims as a comprehensive general liability insurance. However, should an accident not covered by this insurance occur, our Group could be forced to pay damages on the grounds of neglecting its duty to provide safety and be liable for any illegal activity which is stipulated in labor contracts.

In addition, the Group could be sued or pressured to make other payments on allegations of staff negligence, violation of a contract with a client or for staffs' illegal activities in the course of performing business at the dispatched work place. Although our Group has a compliance system under which personnel in charge of legal affairs can handle various legal risks, our performance may be seriously impacted by accidents, depending upon their nature and the amount of money involved.

(5) Securing and retaining employees

In order to improve employee retention, our Group implements measures to enhance employee training and to increase employee motivation. However in the future, the loss of a greater than expected number of personnel could influence our Group's various business segments.

5. Contracts of vital importance to management

There are no applicable items.

6. Research and development activities

There are no applicable items.

7. Analysis of financial position, operating results and cash flow status

The following statements may contain risk factors forecast for the future, although it is based on our best judgment as of the end of the current consolidated fiscal year.

(1) Financial position

1) Cash flows

Analysis of major details is as outlined in "Part 2, State of business, 1. Performance overview, (2) Cash flows."

2) Liquidity

With regard to assets, current assets increased by 409 million yen from the end of the previous fiscal year to 7,340 million yen at the end of the current term. This was mainly due to an increase in cash and deposits of 611 to 4,763 million yen, a decrease in the current portion of long-term loans receivable of 120 million yen to 0 yen, and a decrease in short-term deferred tax assets of 99 to 16 million yen.

With regard to liabilities, current liabilities declined by 177 million yen from the end of the previous fiscal year to 2,351 million yen at the end of the current fiscal year. This was due mainly to a decrease in accounts payable-other by 255 to 561 million yen. At the same time, accrued income taxes increased by 66 to 82 million yen.

As a result of the above factors, consolidated operating capital (current assets - current liabilities) increased by 586 million yen from the end of the previous fiscal year to 4,989 million yen, and the consolidated current ratio (current assets ÷ current liabilities × 100) increased to 312.3% from 274.2% at the end of the previous fiscal year.

3) Capital expenditures

Capital investments in the current fiscal year decreased by 60 million yen year-on-year, to 250 million yen. The major components of our investments include the acquisition of intangible assets such as software for the development of a new system of 217 million yen. We do not have any concrete plans for capital investments during the fiscal year ending December 31, 2014 at this point.

4) Interest-bearing debt

The total value of interest-bearing debt at the end of the current fiscal year was 1,000 million yen, unchanged from the end of the previous fiscal year.

5) Net assets

Net assets at the end of the current fiscal year stood at 5,884 million yen, representing a 482 million yen increase from the end of the previous fiscal year. This increase can be attributed to the realization of 480 million yen in net income.

As a result of these events, our debt equity ratio (interest-bearing debt ÷ equity capital (note) × 100) decreased from 18.5% at the end of the previous fiscal year to 17.0% and equity ratio (interest-bearing debt ÷ equity × 100) increased from 65.6% at the end of the previous fiscal year, to 68.4%.

(Note) Equity capital = (total of the net assets section) – (stock subscription rights) – (minority interest)

6) Basic policy concerning profit allocation

We recognize the return of profits to shareholders as a key management issue in establishing a solid long term shareholder base. Consequently, we maintain a fundamental policy of allocating profits in accordance our business performance. At the same time, we consider both dividends paid from retained earnings and treasury stock purchases as alternative means of returning profits to shareholders and take capital efficiency into consideration based upon our outlook for future earnings and profit growth. Going forward, we will endeavor to improve shareholder returns by establishing a new target for total return ratio - the sum of dividends and treasury stock purchases - of 50%.

Our Company, based on the Article 461 of the Companies Act, did not pay dividends from the fiscal year ended September 2008 to fiscal year ended December 2012 because of a lack of funds available for distribution. However, we paid a year-end dividend of 14 yen per share in fiscal year ended December 2013 as this dividend amounted to 50% of funds available for distribution and because we had achieved progress in our management target of the “establishment of a solid business foundation for new services.”

(2) Operating results

Year on year comparisons with the previous year are not provided as the end of the previous fiscal year was changed (from September 30 to December 31) and covers an irregular accounting period of 15 months from October 1, 2011 to December 31, 2012.

1) Net sales

Net sales were 17,462 million yen. We explain our results by business segment below.

- Short-term operational support business

  On a consolidated basis, we recorded net sales of 15,665 million yen due in part to slower than expected progress in the realization of our plans.

- Security business

  Net sales of security business were 1,797 million yen.

2) Operating expenses and income

Cost of sales was 11,755 million yen, and the cost of sales ratio was 67.3%. Selling, general, and administrative expenses were 5,369 million yen, and the selling, general, and administrative expenses ratio was 30.7%. Consequently, operating income of 338 million yen was recorded. We explain our results by business segment below.

- Short-term operational support business

  We were able to record operating income of 834 million yen due to improvements in efficiencies through systematization and other initiatives to review operations, reductions in recruiting costs arising from greater-than-expected efficiency in recruiting, and increases in overall operational efficiency.

- Security business

  We recorded operating income of 101 million yen as the decrease in sales could not be completely offset by our efforts throughout the fiscal year to restrain selling, general, and administrative expenses.

3) Non-operating income and loss and ordinary income

A net non-operating income of 239 million yen was recorded, due mainly to share of profit of entities accounted for using equity method of 227 million yen. Non-operating expenses were 30 million yen in total, due mainly to damage compensation of 11 million yen and interest expenses of 8 million yen. As a result, ordinary income was 578 million yen.

4) Extraordinary income, extraordinary loss, and income before income taxes and minority interests

Net extraordinary income after deducting extraordinary losses was 74 million yen. Extraordinary income included 90 million yen in gain on sales of investment securities due to the sale of shares of equity method affiliates and 69 million yen in gain on change in equity due to the allocation of new shares to third parties by equity method affiliates. An extraordinary loss of 81 million yen was booked as impairment loss arising from impairment of noncurrent assets and the goodwill of our subsidiary Otetsudai Networks Inc. at the time of its acquisition. As a result, income before income taxes and minority interests totaled 652 million yen.

5) Income taxes and income before minority interests

Income taxes after tax-effect accounting were 172 million yen, and income before minority interests totaled 480 million yen.

6) Net income

Net income for the current fiscal year was 480 million yen, and net income per share was 12.48 yen.

(3) Funding requirements and fund procurement

Our Group strives to secure diverse financing methods, while adhering to our basic financial policy of maintaining suitable levels of liquidity and a sound financial position needed to stably conduct our business.

We believe that sufficient working capital and capital investment funds for maintaining and expanding our Group's business activities can be procured by using cash flow provided by operating activities and by borrowing from financial institutions.

In order to effectively procure working capital, the Company has concluded overdraft agreements that have a set limit of 2,600 million yen with four banks.

Details regarding the status of our interest-bearing debt are contained in “Part 2, State of business, 7. Analysis of financial position, operating results and cash flows status (1) Financial position, 4) Interest-bearing debt.”

Part 3 State of equipment

1. Overview of capital investment

Total capital investments in the current fiscal year were 250 million yen, arising mainly from the acquisition of intangible assets such as software for the development of a new system amounting to 217 million yen.

2. State of major equipment

(1) Submitting companies

(As of Dec. 31, 2013)

Company name	Name of business office (Location)	Name of segment	Nature of equipment	Book-value (millions of yen)				Employees
				Buildings and structures	Machinery, equipment and Tools	Other	Total	
Fullcast Holdings Co., Ltd.	Head office (Shinagawa-ku, Tokyo)	Company-wide (shared)	Business office	56	68	306	430	111 [65]

(2) Domestic subsidiaries

(As of Dec. 31, 2013)

Company name	Name of business office (Location)	Name of segment	Nature of equipment	Book-value (millions of yen)				Employees
				Buildings and structures	Machinery, equipment and Tools	Other	Total	
Fullcast Co., Ltd.	Head office (Shinagawa-ku, Tokyo)	Short-term operational support business	Business office, operating equipment	51	26	0	77	233 [178]
Top Spot Co., Ltd.	Head office (Shinagawa-ku, Tokyo)	Short-term operational support business	Business office, operating equipment	6	7	—	12	17 [62]
Fullcast Advance Co., Ltd.	Head office (Shinagawa-ku, Tokyo)	Security business, short-term operational support business	Business office, operating equipment	8	8	0	15	78 [43]
Fullcast Business Support Co., Ltd.	Head office (Shinagawa-ku, Tokyo)	Company-wide (shared)	Business office, operating equipment	—	2	0	2	10 [6]
OtetsudaiNetworks, Inc.	Head office (Shinagawa-ku, Tokyo)	Short-term operational support business	Business office, operating equipment	—	0	0	0	3 [3]
Total				64	42	0	107	341 [292]

Notes: 1. "Other" as contained in "book-value" refers to machinery, equipment and vehicles, construction in progress and software. All figures are not including consumption taxes.
2. "Employees" refers to staff engaged in work. The number of temporary employees is listed by the figures in parentheses, while the average yearly number of employees is listed by the figures outside of the parentheses.
3. Apart from those listed above, assets rented from parties other than consolidated companies are as outlined below (amounts are annual rental charges, excluding parking).

(1) Submitting companies

(As of Dec. 31, 2013)

Name of business office (Location)	Name of segment	Nature of equipment	Yearly rental charge (millions of yen)
Head office (Shinagawa-ku, Tokyo)	Company-wide (shared)	Leased buildings	71
Company housing for employees	Company-wide (shared)	Leased buildings	21
Total	—	—	92

(2) Domestic subsidiaries

(As of Dec. 31, 2013)

Company name	Name of business office (Location)	Name of segment	Nature of equipment	Yearly rental charge (millions of yen)
Fullcast Co., Ltd.	Head office, branches (Shinagawa-ku, Tokyo Other)	Short-term operational support business	Leased buildings	198
	Company housing for employees		Leased buildings	30
Top Spot Co., Ltd.	Head office, branches (Shinagawa-ku, Tokyo Other)	Short-term operational support business	Leased buildings	28
Fullcast Advance Co., Ltd.	Head office, branches (Shinagawa-ku, Tokyo Other)	Security business, short-term operational support business	Leased buildings	45
	Company housing for employees		Leased buildings	7
Fullcast Business Support Co., Ltd.	Head office (Shinagawa-ku, Tokyo Other)	Company-wide (shared)	Leased buildings	4
	Company housing for employees		Leased buildings	1
OtetsudaiNetworks, Inc.	Head office (Shinagawa-ku, Tokyo)	Short-term operational support business	Leased buildings	1
Total	—	—	—	315

4. Apart from those listed above, lease equipment included the following (amounts are annual lease charges).

Domestic subsidiaries

Business radios: 3 million yen

3. Plans for creation and retirement of equipment

(1) New major equipment

There are no applicable items.

(2) Major equipment retired

There are no applicable items.

Part 4 Status of submitting companies

1. Status of shares

(1) Total number of shares, other information

1) Total number of shares

Type	Total number of issuable shares (shares)
Common stock(shares)	110,000,000
Total	110,000,000

2) Outstanding shares

Type	Number of shared issued by the end of the business year (Dec. 31, 2013)	Number of shared issued at the date of submission (Mar. 28, 2014)	Name of exchange for listed financial instruments, or name of association trading registered and approved financial instruments	Description
Common stock	38,486,400	38,486,400	Tokyo Stock Exchange (the First section)	One unit of shares: 100 shares
Total	38,486,400	38,486,400	—	—

(2) State of new share subscription rights

There are no applicable items.

(3) State of exercising of debenture stocks with new share subscription rights, with exercise-price amendments attached

There are no applicable items.

(4) Description of rights plan

There are no applicable items.

(5) Trends in total number of outstanding shares and capital stock

Date	Change in total number of outstanding shares (shares)	Balance on total number of outstanding shares (shares)	Change in capital stock (millions of yen)	Balance on capital stock (millions of yen)	Change in capital reserve (millions of yen)	Balance on capital reserve (millions of yen)
Apr 8, 2009 *1	120,000	395,964	277	3,741	277	1,177
Jan 31, 2010 *2	—	395,964	(961)	2,780	(1,177)	—
Jul 1, 2013 *3	39,200,436	39,596,400	—	2,780	—	—
Dec 20, 2013 *4	(1,110,000)	38,486,400	—	2,780	—	—

Notes: 1. Third-party allotments issue price: 4,612 yen Paid-in capital: 2,306 yen

Allottee: Hikari Tsushin Inc., Takehito Hirano

2. Based upon decisions made at the annual general meeting of shareholders held on December 22, 2009, after reducing capital stock and capital reserve on January 31, 2010, and transferring to other capital surplus, we have covered deficits.

The capital stock reduction ratio is 25.68%, and the capital reserve reduction ratio is 100.00%.

3. On July 1, 2013, common shares were split at a ratio of 100 to one share, in accordance to the resolution at the board of directors meeting on May 24, 2013.

4. On December 20, 2013, treasury shares were retired in accordance to the resolution of the board of directors meeting on December 19, 2013.

(6)Shareholder ownership status

(As of Dec. 31, 2013)

Classification	Stock information (One unit of shares: 100 shares)								State of odd lots (shares)
	Government and local public organizations	Financial organizations	Financial commodity traders	Other corporations	Foreign corporations etc.		Individual and others	Total	
					Non-individual	Individual			
Shareholders	—	20	33	52	51	15	8,059	8,230	28
Shares held (unit)	—	26,523	12,714	206,686	22,311	289	116,335	384,858	600
Percentage of shares held (%)	—	6.89	3.30	53.70	5.80	0.08	30.23	100.00	—

Notes: 10 units are included in the “Other corporations” column under the name of Japan Securities Depository Center, Inc.

(7)Major shareholders

(As of Dec. 31, 2013)

Name	Address	Number of shares held	Percentage of shares held to total outstanding shares (%)
Hirano Associates Co., Ltd.	1-15-3 Dogenzaka, Shibuya-ku, Tokyo	12,694,900	33.0
Hikari Tsushin Co., Ltd.	1-4-10 Nishi Ikebukuro, Toshima-ku, Tokyo	6,000,000	15.6
Takehito Hirano	Setagaya-ku, Tokyo	1,136,400	3.0
Japan Securities Finance Co., Ltd.	1-2-10 Nihonbashi-Kayabacho, Chuo-ku, Tokyo	959,900	2.5
THE CHASE MANHATTAN BANK, N.A. LONDON SECS LENDING OMNIBUS ACCOUNT (Standing proxy: Settlement and Clearing Services Div. Mizuho Bank, Ltd.	WOOLGATE HOUSE, COLEMAN STREET LONDON EC 2P 2HD, ENGLAND (4-16-13 Tsukishima, Chuo-ku, Tokyo)	676,700	1.8
Ten Associates Co., Ltd.	1-15-3 Dogenzaka, Shibuya-ku, Tokyo	600,000	1.6
Daiki Associates Co., Ltd.	1-15-3 Dogenzaka, Shibuya-ku, Tokyo	600,000	1.6
MSIP CLIENT SECURITIES (Standing proxy: Morgan Stanley MUFG Securities)	25 CABOT SQUARE, CANARYWHARF, LONDON E14 4QA, U.K. (4-20-3 Ebisu, Shibuya-ku, Tokyo)	531,000	1.4
Anan Associates Co., Ltd.	1-15-3 Dogenzaka, Shibuya-ku, Tokyo	463,300	1.2
SBI SECURITIES Co., Ltd.	1-6-1 Roppongi, Minato-ku, Tokyo	411,700	1.1
Total	—	24,073,900	62.6

(8)Voting rights

1) Outstanding shares

(As of Dec. 31, 2013)

Classification	Number of shares (Shares)	Number of voting rights (individual)	Description
Nonvoting shares	—	—	—
Shares with limited voting rights (treasury stock)	—	—	—
Shares with limited voting rights (other)	—	—	—
Shares with full voting rights (treasury stock)	—	—	—
Shares with full voting rights (other)	Common stock 38,485,800	384,858	—
Odd-lot shares	Common stock 600	—	—
Total number of outstanding shares	38,486,400	—	—
Voting rights of shareholders	—	384,858	—

Note: 1. 1,000 shares (10 voting rights) are included in the "Shares with full voting rights (other)" column under the name of Japan Securities Depository Center, Inc.

2. On July 1, 2013, common shares were split at a ratio of 100 to one share, in accordance to the resolution of the board of directors meeting on May 24, 2013.

3. On December 20, 2013, treasury stock were retired in accordance to the resolution of the board of directors meeting on December 19, 2013.

2) Treasury stock

There are no applicable items.

(9)Description of stock option scheme

There are no applicable items.

2. Acquisitions of treasury stock

Class of shares Common stock

(1) Acquisitions based upon decisions made at the annual general meeting of shareholders
There are no applicable items.

(2) Acquisitions based on decisions made at board of directors meetings
There are no applicable items.

(3) Description of items not based on decisions made at either annual general meeting of shareholders or board of directors meetings
There are no applicable items.

(4) Handling and possession of treasury stock acquired

Classification	Current business year		Current term	
	Number of shares (shares)	Total value of disposition (millions of yen)	Number of shares (shares)	Total value of disposition (millions of yen)
Acquired treasury stock for which subscribers were recruited	—	—	—	—
Acquired treasury stock processed for retirement	1,110,000	2,747	—	—
Acquired treasury stock for which mergers, stock swaps or transfers for corporate separation were performed	—	—	—	—
Other	—	—	—	—
Number of shares held in treasury stock	—	—	—	—

3. Dividend policy

We recognize the return of profits to shareholders as a key management issue in establishing a solid long term shareholder base. Consequently, Fullcast Holdings Co., Ltd. maintains a fundamental policy of allocating profits in accordance our business performance. At the same time, we consider both dividends paid from retained earnings and treasury stock purchases as alternative means of returning profits to shareholders, and take capital efficiency into consideration based upon our outlook for future earnings and profit growth. Going forward, we will endeavor to improve shareholder returns by establishing a new target for total return ratio—the sum of dividends and treasury stock purchases—of 50%.

Our basic policy is to pay dividends not less than once yearly from retained earnings, and both interim and year-end dividend payments from retained earnings are determined during the board of directors meeting.

Our Company, based on the Article 461 of the Companies Act, did not pay dividends from the fiscal year ended September 2008 to fiscal year ended December 2012 because of a lack of funds available for distribution. However, we have paid a year-end dividend of 14 yen per share (resolution of the board of directors meeting on February 14, 2014) in fiscal year ended December 2013 as this dividend amounted to 50% of funds available for distribution and because we have achieved progress in our management target of the “establishment of a solid business foundation for new services.”

As for internal reserves, we will use them in preparation for future business development as well as for improvement of in-house systems including system development and employee training, in order to promote new services.

(Note) The following is the dividend from retained earnings whose record date is in the current business year.

Date of resolution	Total dividends (million yen)	Dividend per share (yen)
Resolution of Board of Directors on Feb 14, 2014	539	14

4. Trends in stock prices

(1)High and low stock prices by business year for the past 5 (five) years

Term	Term 17	Term 18	Term 19	Term 20	Term 21
Settlement month	Sep. 2009	Sep. 2010	Sep. 2011	Dec. 2012	Dec. 2013
High (yen)	17,430	8,490	41,350	21,800	399
Low (yen)	3,200	4,015	3,425	11,800	139

Note: 1. High and low stock prices are those found in the First Section of the Tokyo Stock Exchange.

2. Due to the change of the settlement date, Term 20 covered an ireegular 15 month period from October 1, 2011 to December 31, 2012

3. On July 1, 2013, common shares were split at a ratio of 100 to one share, in accordance to the resolution of the board of directors meeting on May 24, 2013.

(2)High and low stock prices by month, for the past 6 (six) months

Month	Jul. 2013	Aug. 2013	Sep. 2013	Oct. 2013	Nov. 2013	Dec. 2013
High (yen)	360	399	328	320	292	283
Low (yen)	174	259	259	271	256	244

Note: High and low stock prices are those found in the First Section of the Tokyo Stock Exchange.

5. Officers

Official title	Job title	Name	Date of birth	Career summary		Term	Number of shares held
Representative director	President CEO	Kazuki Sakamaki	Sep 30, 1970	April 1989 Feb 1995 Oct 2005 Oct 2007 Oct 2008 June 2009 Dec 2011 Jan 2013 Jan 2014	Joined AI Tusho Co., Ltd Joined Fullcast Co., Ltd. (currently Fullcast Holdings Co., Ltd.) Representative director of Fullcast HR Institute Co., Ltd. (now Fullcast Co., Ltd.) Corporate Executive Officer, General Manager of the Business Engineering Department of Fullcast Co., Ltd. Corporate Executive Officer, General Manager of Tokai & Kansai Sales Department of Fullcast Co., Ltd. Representative Director of Fullcast Co., Ltd. Director of Fullcast Co., Ltd. President and Representative Director of Fullcast Co., Ltd. (present post) President, Representative Director and CEO of the Company (present post)	3*	72,393
Director		Yuhiko Yasunaga	May 10, 1954	Apr 1979 Oct 1992 Apr 1994 Jan 2000 Nov 2000 Nov 2004 Apr 2006 Sep 2006 Dec 2010	Joined Sanwa Bank, Ltd. (currently Mitsubishi Tokyo UFJ Bank, Ltd.) Senior division head for the international division of Sanwa Bank's international headquarters Section head of related-business headquarters, business management division and planning division for East Japan Railway Company Financial director for Mobit Co., Ltd. Executive director of Russell Reynolds Associates Co., Ltd. Director and company vice-president of Shimamoto Partners Co., Ltd. In charge of management of full-time teaching staff at Graduate School of Management, Globis University (present post) Representative director and company president of Shimamoto Partners Co., Ltd. (present post) Outside director of the Company (present post)	3*	—
Director		Kazuhiko Kamata	Nov 8, 1965	Apr 1988 Jun 1989 Apr 1999 Jun 2004 May 2008 Dec 2008 Apr 2009 Jun 2009 Aug 2009 Mar 2014	Joined Recruit Cosmos Co., Ltd. (currently Cosmos Initia Co., Ltd.) Intelligence, Ltd. established Director of Intelligence, Ltd. Representative director and president of Intelligence, Ltd. Executive director, Health Insurance Society For Temporary Workers Chairman, Japan Staffing Services Association Resigned as representative director and president of Intelligence, Ltd. Advisor to Intelligence, Ltd. Director, Art Craft Science KK Outside director of Payroll inc. (present post) Representative director and chairman, Art Craft Science KK (present post) Outside Director, I am Inc. (currently I am & Interworks, Inc.) (present post) Outside director of the Company (present post)	3*	—
Auditor	Full-time executive	Kouji Sasaki	Aug 2, 1945	Apr 1966 Dec 1984 Jun 1995 Sep 1995 Dec 1999 Dec 2004 Sep 2008	Joined Tokyo Regional Taxation Bureau and worked in the general affairs division, before later working in tax offices Passed the tax accountant examination Retired as a special examiner at Nakano tax office Opened Sasaki Tax Accountancy Office Outside auditor for the Company (present post) Outside auditor for Fullcast Technology Co., Ltd. (currently YUME TECHNOLOGY Co., Ltd.) Auditor for Fullcast HR Research Institute Co., Ltd. (currently Fullcast Co., Ltd.)	4*	9,600
Auditor		Takeo Okazeri	Oct 1, 1965	Apr 1994 Jun 1994 May 2009 Jan 2010 Oct 2012 Mar 2013	Registered at the Daiichi Tokyo Bar Association Joined Nobuo Takai Law Firm Joined the Corporate Management Legal Committee Became an Acting President of Nobuo Takai Law Firm Nobuo Takai Law Firm renamed to Takai Okazeri Law Firm, Became President of the Law Firm (present post) Temporary auditor of the Company Outside auditor of the Company (present post)	5*	—
Auditor		Yuji Sakakura	May 3, 1951	Apr 1974 Apr 1998 Jun 1999 Apr 2005 Sep 2005 May 2006 Jul 2007 May 2011	Joined Nissho Iwai Corporation General Manager, Financial Market Dept. of Nissho Iwai Corporation President and Chief Executive Officer of Nissho Iwai Securities Co., Ltd Executive officer of E*TRADE Securities Co., Ltd. (currently SBI Securities Co., Ltd.), which merged with Nissho Iwai Securities Co., Ltd. Joined GCA Corporation, CFO of the corporation Director and CFO of GCA Corporation Chief Development Officer (CDO) of GCA Corporation Representative director of Relations Japan Corporation	4*	—

				Jun 2011 Mar 2014	(present post) Outside Auditor, Autobacs Seven Co., Ltd. (present post) Outside Auditor of the Company (present post)		
Total							81,993

Notes:

1. Director Yuhiko Yasunaga and Kazuhiko Kamata are outside directors, as defined in Item 15 of Article 2 of the Companies Act.
2. Auditors Kouji Sasaki, Takeo Okazeri and Yuji Sakakura are outside auditors, as defined in Item 16 of Article 2 of the Companies Act.
3. The term of office for directors is from the conclusion of the annual general meeting of shareholders for the year to December 2013 until the conclusion of the annual general meeting of shareholders for the year to December 2014.
4. The term of office for auditors is from the conclusion of the annual general meeting of shareholders for the year to December 2013 until the conclusion of the annual general meeting of shareholders for the year to December 2017.
5. The term of office for auditors is from the conclusion of the annual general meeting of shareholders for the year to December 2012 until the conclusion of the annual general meeting of shareholders for the year to December 2016.
6. The number of shares held by Representative Director Kazuki Sakamaki shows the effective number of shares held, including those in the directors shareholders association of Fullcast Holdings Co., Ltd.

6. Corporate governance

(1) Corporate governance

1) Corporate governance systems

A. Overview of corporate governance systems

We consider the basic principles and aims of corporate governance to ensure transparent and efficient management for all interested parties including shareholders.

The following is an overview of corporate structures

a) Board of directors meeting

The board of directors meeting is comprised of three directors, including two outside directors (as of March 28, 2014). They make decisions on matters of importance for management, such as supervision of execution of overall management of the Fullcast Group, decisions on Group optimization strategies that are vital to Group management, and responses to common challenges facing our Group.

b) Board of auditors

The board of auditors consists of three outside auditors and is established for exchange of opinions on important matters concerning audits, and where various discussions and decisions are made. They also work to establish ties in which they can receive timely reports from accounting auditors.

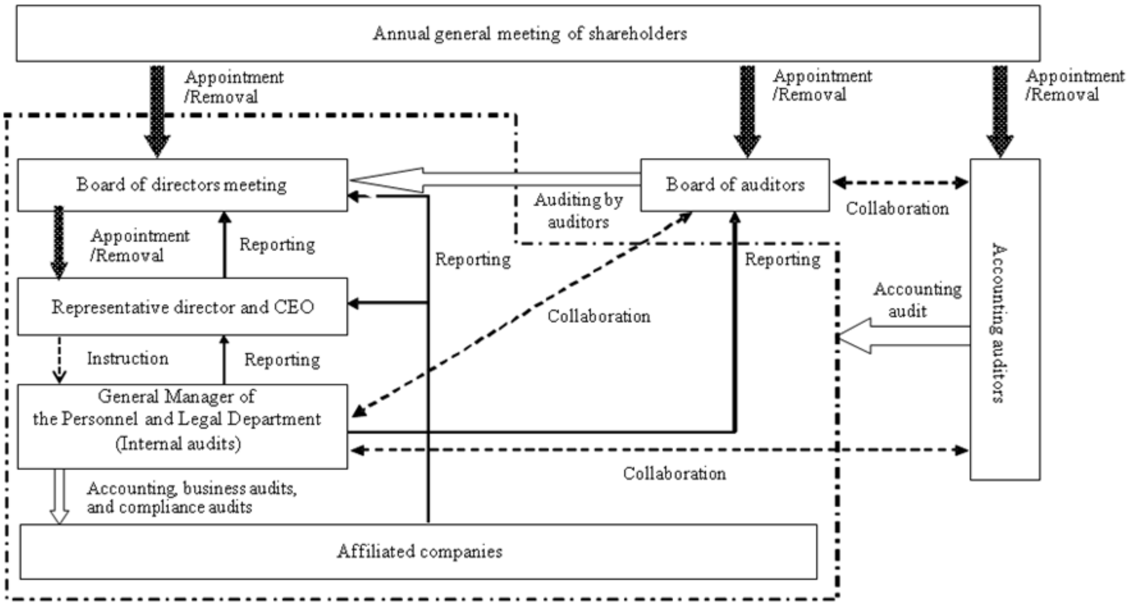
c) General Manager of the Personnel and Legal Department

The General Manager of the Personnel and Legal Department works to promote a climate of compliance awareness, which is a prerequisite for company management, throughout the entire group of companies, and promote compliance with social and in-house rules. In addition, evaluation for improvement, maintenance and validity of the internal control system / guidelines related to financial reporting, and internal auditing work including information security system organization are used for improving the corporate value of our Group.

d) Accounting auditors

As an auditing company in charge of accounting audits, we signed audit contracts with PricewaterhouseCoopers Aarata for audits based upon the Financial Instruments and Exchange Act and the Companies Act. In addition to regular audits, we also receive confirmation on issues regarding accounting and internal control as required, and endeavor to ensure that our accounting practices and internal control systems are adequate.

(Pattern diagram of the Company's corporate governance systems)



B. Reasons for corporate governance systems adoption

As of March 28, 2014, Fullcast Holdings Co., Ltd. is a company with a board of directors meeting, which is comprised of three directors, and also a company with a board of auditors, which is comprised of three auditors.

To achieve the aforementioned basic principles and goals of corporate governance, we have chosen outside directors as two of our three directors, and in so doing we aim to strengthen the supervisory function of overall enforcement from an external perspective. Furthermore, by setting a one-year term for directors, we make clear the management responsibility and also quickly establish an optimum system for dealing with changes in the management environment.

Regarding auditors, by appointing three outside auditors (one of them being a fulltime auditor), we perform effective and appropriate oversight of business execution by directors, and have put in place a system that ensures objectivity and neutrality.

We believe that these systems allow our corporate governance to function properly.

C. Internal control systems

a) The following measures shall be taken in order to ensure a system of preventive measures regarding risk, compliance with laws and ordinances, and risk management (hereinafter, risk management system) at the board of directors meeting.
   i. For matters that can affect our entire company – such as important non-customary transactions, important accounting estimates, transactions with companies and directors, and important transactions with subsidiaries – decisions must be made by the board of directors.
   ii. The Chief Executive Officer (hereinafter, CEO) regularly reports to the board of directors about efforts being made for the Risk Management System and business process improvement. When serious scandals arise, they report immediately to the board of directors meeting.

b) The following measures shall be taken to ensure the Risk Management System is maintined in the performance of duties by directors and employees (the same "Risk Management System" detailed in "a)")
   i. The CEO shall be placed as chief of risk management and the General Manager of the Personnel and Legal Department as the chief of risk management practices. Risk managers in charge of

each Group company shall be placed within the Company, while the General Manager of the Personnel and Legal Department, under the direction of the CEO, will supervise practices of “ii” through “vii.”

ii. Put in place administrative authority regulations, and work to establish internal control systems that will prevent authority from being centralized on specific people.

iii. Establish a risk management system based on these regulations in accordance with basic risk management regulations.

iv. Create standards for important information that must be reported immediately to the board of directors and disclosure standards, to carry out timely disclosure of issues of noncompliance, risks and other important information.

v. Provide specific training for directors, managerial employees and regular employees. In cases where relevant laws have been enacted or revised, or where major scandals or accidents have arisen in the Group or other companies, we quickly provide any necessary guidance.

vi. With the rigorous Risk Management System in business management and internal auditing being conducted, through the risk managers placed within the Company who are in charge of each Group company, every effort shall be made to ensure thorough Risk Management System at each Group company.

vii. In transactions throughout all of our businesses, processes established by financial statements, and business accounting systems we check all events for the possibility of misstatements or mistakes, and streamline systems to ensure that no fraudulent actions are taken during business processes. Also, when and where necessary, we set up lateral organizations for the specific purpose of streamlining various processes.

c) The following measures shall be taken to put in place systems for storing and managing information, we have adopted the following measures.

i. The General Manager of the Personnel and Legal Department will instruct directors and employees to appropriately store and manage documents based on document management rules.

ii. The General Manager of the Personnel and Legal Department shall store and manage materials relating to the following documents (including electromagnetic records) for at least ten years:

(i) Minutes from annual general meeting of shareholders

(ii) Minutes from board of directors meeting

(iii) Financial documents

(iv) Other documents determined by the board of directors meeting

iii. Directors and auditors can always review documents in “ii” above.

d) The following measures shall be taken to ensure that the directors execute their duties efficiently.

i. At the beginning of initial board of directors meeting in each term, directors shall develop a business plan toward achieving the common goals of all employees.
Directors and auditors shall regularly review the results with the board of directors.

ii. As a foundation for systems to ensure that work is being executed efficiently by directors, the board of directors meeting shall in principle be held at regular one-month intervals, and extraordinary sessions shall also be held whenever necessary.

iii. Regarding execution of work based upon decisions made at board of directors meeting, organizational rules, division of duties regulations, and administrative authority regulations, their responsibilities and execution procedures shall be decided.

e) The following measures shall be taken in order to develop a system for ensuring proper operations in the business group.

i. The Company shall draw up a Fullcast Group employee code of conduct for all Group companies, and work to gain compliance by all employees. As well as making ensuring compliance by the whole company, board directors at Group companies will also lead by example by acting based on this code of conduct.

ii. Where thet have discovered serious legal violations by Group companies or other important facts concerning risk, directors and employees at Group companies must report to the General Manager of the Personnel and Legal Department, who shall in turn report them to the CEO. Under the direction of the CEO, the General Manager of the Personnel and Legal Department will conduct and supervise an audit of the reported facts, and where deemed necessary, will decide upon appropriate countermeasures.

Also, where necessary, the CEO shall report matters to the board of directors, and the General Manager of the Personnel and Legal Department shall report it to the board of auditors.

iii. The General Manager of the Personnel and Legal Department will instruct the Group companies to put in place appropriate internal control systems.

f) The following measures shall be taken to develop a system for ensuring the effectiveness of audits carried out by auditors.

i. Where a request is made by an auditor for an employee to be allocated to assist in their work, the Company's employees shall be assigned to provide them with assistance.

Assistant auditors shall not be subject to the direction of directors, and auditors shall conduct their performance reviews. Consent must be gained from the board of auditors to transfer or reprimand those people assisting them.

ii. Auditor's assistants shall not jointly take on posts that involve execution of work.

iii. Where directors or employees have discovered facts about legal violations or matters that may cause significant damage to the Company, they must promptly report these facts to an auditor.

iv. When asked to report on matters concerning execution of work by an auditor, directors and employees must promptly report these.

v. Auditors may attend the board of directors meeting of subsidiary companies.

g) The following measures shall be taken to develop a basic concept toward eliminating anti-social forces and to ensure its effectiveness.

i. The Company and Group companies shall act in accordance with the Fullcast Group Employee Code of Conduct, sever relations with anti-social forces, and not conduct any transactions with such forces.

ii. Information on anti-social forces shall be collected in-house, managed as well as used with information from external specialized agencies, which is in turn are used to determine whether or not the counterpart is anti-social.

iii. Unreasonable requests from anti-social forces shall be firmly rejected. Furthermore, the unreasonable demands shall be handled with a firm stance as an organization.

iv. Links with external specialized agencies shall be built in order to provide access to cooperation and appropriate advice on elimination of anti-social forces.

D. IR, other activities

The Company considers endeavors to ensure highly transparent management and timely and appropriate disclosure of corporate information to be of vital importance in gaining understanding and trust for our management.

As an initiative aimed at revitalizing annual general meeting of shareholders, we seek to hold meetings on dates that avoid conflict with other companies' meetings. We also hold briefing sessions for institutional investors and analysts twice a year after the end of the second and fourth quarters. Top management attend these briefing sessions, and engage in active dialogue with participants. Furthermore, we have also established a system that discloses information fairly to investors both within and outside of Japan via our homepage.

Through such initiatives, we aim to attain the highest levels of accountability within the industry.

2) Internal audits and audits by auditors

A. Internal audits

Internal audits are conducted based on internal audit regulations.

Regarding internal audit regulations, the functions of internal audits are to properly understand the company's property and operations from the standpoint of management analysis, and to contribute to the streamlining of management and increasing of its efficiency, and also to achieve effective communication and coordination in all of its operations. The General Manager of the Personnel and Legal Department is responsible for audits.

B. Audits by auditors

All three auditors on our board of auditors are outside auditors. Outside auditors include a tax accountant and a lawyer. As well as conducting audits from various technical standpoints, based upon regulations for audits by auditors, they also audit execution of work by directors, and state their opinions on matters such as appropriate operations and streamlining of operations.

3) Outside directors and outside auditors

A. Overview of outside directors' and outside auditors' personal relationships, capital relationships and other concerns over business relationships

The shareholdings of our Company by our two outside directors and three outside auditors are outlined below.

(As of Mar. 28, 2014)

Position in the Company	Name	Number of shares held
Director	Yuhiko Yasunaga	—
Director	Kazuhiko Kamata	—
Fulltime auditor	Kouji Sasaki	9,600
Auditor	Takeo Okazeri	—
Auditor	Yuji Sakakura	—

There are no business relationships or personal relationships with outside directors and outside auditors.

B. Attitudes towards functions, roles and appointment of outside directors and outside auditors

In appointing outside directors and outside auditors, we have formulated the following standards and policy regarding independence from the Company.

(Outside directors)

- As for the appointment criteria of our outside directors, they should be judged to be qualified as having rich experience in governance, and indicating objectivity towards management, from the perspective of enhancing supervisory functions for overall execution of work and ensuring transparency of management.
- In order to meet the objectives of appointing outside directors, attention should be paid to their independence in appointing a new outside director.
- When a corporate manager becomes an outside director, conflict of interest may arise in business transactions with the director's own company. Conflict of interest in individual cases shall be appropriately dealt with in the procedures of the board of directors.

(Outside auditors)

- As for the appointment criteria of our outside auditors, they should be qualified as possessing suitable expertise, and indicating objectivity towards management from the perspective of enhancing audit functions for overall execution of work and ensuring transparency of management.
- In order to meet the objectives of appointing outside auditors, attention should be paid to their independence in appointing a new outside auditor.

Mr. Yuhiko Yasunaga and Kazuhiko Kamata, our outside directors, were appointed after being judged to be qualified as having rich experience in governance, and indicating objectivity towards management, from the perspective of enhancing supervisory functions for the overall execution of work and ensuring transparency of management. We have appointed them as an independent officers (which refers to outside directors and outside auditors for whom there is no risk of conflict of interest with general shareholders arising), which the Tokyo Stock Exchange stipulates as a "matter to be observed" under the Corporate Code of Conduct, and have notified to the stock exchange.

Our three outside auditors were appointed after being judged to be qualified as possessing suitable expertise, and indicating objectivity towards management from the perspective of enhancing audit functions for overall execution of work and ensuring transparency of management. Mr. Kouji Sasaki is a qualified tax accountant, and Mr. Takeo Okazeri is a qualified lawyer.

C. Overview of contracts signed with outside directors and outside auditors, as stipulated in Paragraph 1 of Article 427 of the Companies Act

Based on Item 1 of Article 427 of the Companies Act, the Company and our outside director have signed a limited liability contract concerning liability for damages under Item 1 of Article 423 of the Companies Act. Based upon this contract, where work has been performed in good faith and without gross negligence the maximum amount of damages that we are liable for is either 4.8 million yen or the total minimum liability stipulated in Item 1 of Article 425 of the Companies Act, whichever is higher.

Based on Item 1 of Article 427 of the Companies Act, the Company and our outside auditors have signed a limited liability contract concerning liability for damages under Item 1 of Article 423 of the Companies Act. Based on this contract, where work has been performed in good faith and without gross negligence the maximum amount of damages that we are liable for is the total minimum liability stipulated in Item 1 of Article 425 of the Companies Act.

D. Supervision and audits by outside directors and auditors, mutual cooperation with audits by internal, outside, and accounting audits, and relationships between internal control department and them

In board of directors meetings, outside directors provide necessary comments for resolutions and discussions as required, while outside auditors state opinions on resolutions and discussions as the need arises, from the perspective such as whether decision-making processes used in execution of work by directors and in corporate resolutions are appropriate.

Auditors and the internal audit department work towards mutual cooperation through formulation of audit plans and reporting on outcomes of internal audits. At auditors' meetings, audit plans, detailed explanations on audit plans, and the outcomes of audits are made as required by PricewaterhouseCoopers Aarata, an accounting auditor.

The internal control department (the personnel and legal department) summarizes findings from effectiveness assessments on the state of operation and maintenance of internal controls. The representative director and CEO then report the summarized findings to the board of directors meetings, the board of auditors and accounting auditors as required. Even in cases where there dishonest actions have been committed by people with roles that are crucial for internal control as part of financial reporting, or where major changes have been made in internal control, they still report to the board of directors meeting, the board of auditors and accounting auditors as required.

4) Directors' and auditors' remuneration

A. Total amount of remuneration by officer classification, total amount by type of remuneration, and number of officers covered, for submitting companies

Classification	Total amount of remuneration (millions of yen)	Total amount by type of remuneration (millions of yen)				Number of officers covered
		Basic remuneration	Stock options	Bonuses	Retirement benefits	
Directors (excluding outside directors)	63	63	—	—	—	2
Auditors (excluding outside auditors)	—	—	—	—	—	—
Outside officers	22	22	—	—	—	4

B. Total amount of consolidated remuneration for each officer of submitting companies

Not listed, as there is no one for whom the total amount of consolidated remuneration exceeds 100 million yen.

C. Important items among employee bonuses for people working jointly as employees and officers

There are no applicable items.

D. Policy concerning decisions on officer remuneration amounts

It is stated in the articles of incorporation that officers' remunerations are stipulated based on decisions made at annual general meeting of shareholders. The Company decides on the amount of remuneration for employees each year, and these amounts reflect both the officer's degree of responsibility and results, and must be within the range of remuneration limits determined at the annual general meeting of shareholders held on April 14, 1999.

The remuneration limits determined at the annual general meeting of shareholders held on April 14, 1999 are less than 200 million yen per year for directors and less than 50 million yen per year for auditors.

5) State of shareholding

The following shows the status of Fullcast Holdings Co., Ltd., which is the company with the highest balance sheet amount for investment shares among the Company and its consolidated subsidiaries (highest holding company).

A. Investment shares that are held for purposes other than net investment purposes

Number of different stocks: 7

Total value recorded in balance sheets: 52 million yen

B. Stocks, holding type, number of shares, balance sheet amount and holding purpose of investment shares not held for net investment purposes

(Previous business year)

Special Stocks

Stock	Number of shares	Amount recorded in balance sheets (millions of yen)	Purpose held for
Saint Care Holding Corporation	12,000	14	For maintaining and strengthening relations
The Bank of Yokohama, Ltd.	9,000	4	For maintaining and strengthening relations

Notes: 1. As less than 30 stocks exceed one-hundredth of the amount of capital for their recorded amount as investment shares in balance sheets, all target stocks are listed.

2. The number of shares for Saint-Care Holding Corporation has increased by 11,880 from the previous period because it implemented a stock split in the ratio of 100 shares per 1 (one) common share effective on October 1, 2012.

(Current Business Year)

Special Stocks

Stock	Number of shares	Amount recorded in balance sheets (millions of yen)	Purpose held for
Saint Care Holding Corporation	12,000	16	For maintaining and strengthening relations

Notes: 1. As less than 30 stocks exceed one-hundredth of the amount of capital for their recorded amount as investment shares in balance sheets, all target stocks are listed.

2. All shares of The Bank of Yokohama, Ltd. held were sold in May 2013.

C. Investment shares held for net investment purposes

There are no applicable items.

6) Accounting audits

A. Names of certified public accountants who performed accounting audits for the company, and names of auditing companies to which they belong

Haruyasu Tanabe (PricewaterhouseCoopers Aarata)

Since December 22, 2011, he has been continuously involved with us for two years and three months.

Yoshiyuki Ohashi (PricewaterhouseCoopers Aarata)

Since August 21, 2012, he has been continuously involved with us for one year and seven months.

B. Audit assistants

Certified public accountants:	4
Other:	11

7) Resolution matters for annual general meeting of shareholders that can be decided upon at the board of directors meetings

In the articles of incorporation, it is stipulated that the Company may decide on the following matters at board of directors meetings, regardless of decisions made at annual general meeting of shareholders.

A. It may acquire of treasury stock

To be able to improve capital efficiency and return more profits to shareholders

B. It may pay dividends from retained earnings

To be able to implement flexible capital policy and dividend policy

C. It may pay interim dividends

To be able to implement flexible capital policy and dividend policy

D. According to decisions made by the board of directors meeting, it may be exempt from liability for damages, to the limit of the law, for directors and auditors (including former directors and former auditors) resulting from negligence of duty

(To be able to adequately conduct the roles that are expected to be performed in carrying out duties.)

8) Number of directors

It is stipulated in the articles of incorporation that there are to be no more than ten directors at the Company.

9) Decision requirements for appointment of directors

Regarding decisions to appoint directors, it is stipulated in the articles of incorporation that shareholders with at least 1/3 of shareholders' voting rights, and who can exercise voting rights, must be present, and that the Company requires the majority of these voting rights to act.

Regarding appointments of directors through cumulative voting, it is stipulated in the articles of incorporation that voting must not be done through cumulative voting.

10) Special decision requirements for annual general meeting of shareholders

Our Company aims to run annual general meeting of shareholders smoothly, and regarding special decision requirements for annual general meeting of shareholders as stipulated in Item 2 of Article 309 of the Companies Act, it is stipulated in the articles of incorporation that shareholders with at least 1/3 of shareholders' voting rights and who can exercise voting rights, must be present, and that the Company requires 2/3 of these voting rights to act.

(2) Details of audit remuneration and other information

1) Details of remuneration for audit-certified public accountants and other information

Classification	Previous consolidated fiscal year	Current consolidated fiscal year

	Remuneration based on audit certification work (millions of yen)	Remuneration based on non-auditing work (millions of yen)	Remuneration based on audit certification work (millions of yen)	Remuneration based on non-auditing work (millions of yen)
Submitting companies	21	—	18	—
Consolidated subsidiaries	—	—	—	—
Total	21	—	18	—

2) Details of other significant remuneration

There are no applicable items.

3) Details of non-auditing work for submitting companies by audit-certified accountants, etc.

There are no applicable items.

4) Policy for determining audit remuneration

At our Company, we determine audit remuneration after giving consideration to factors such as audit-certified accountants' audit plans, audit contents and audit days.

Part 5: Financial conditions

1. Regarding preparation methods for consolidated and non-consolidated financial statements

(1) The Company's consolidated financial statements are prepared based on "Regulations for Terminology, Forms, and Preparation Methods of Consolidated Financial Statements" (Ministry of Finance Decree No. 28, 1976).

(2) The Company's financial statements are prepared based on "Regulations for Terminology, Forms and Preparation of Financial Statements" (Ministry of Finance Decree No. 59, 1963).

2. Regarding audit certification

Based on Item 2, Paragraph 1 of Article 193 of the Financial Instruments and Exchange Act, the Company underwent audits from PricewaterhouseCoopers Aarata for consolidated financial statements of the current consolidated fiscal year (from January 1, 2013 to December 31, 2013) and for financial statements of the current business year (from January 1, 2013 to December 31, 2013).

The auditing certified public accountant was replaced as follows.

For consolidated financial statements of the term 19 fiscal year and consolidated financial statements of the term 19 business year: KPMG AZSA LLC

For consolidated financial statements of the term 20 fiscal year and consolidated financial statements of the term 20 business year: PricewaterhouseCoopers Aarata

We have submitted an extraordinary report regarding the replacement. The following are the items which were provided in the extraordinary report submitted on November 11, 2011.

(1) Names of auditing certified public accountants regarding the replacement
 1) Name of newly appointed auditing certified public accountant
 PricewaterhouseCoopers Aarata
 2) Name of outgoing auditing certified public accountant
 KPMG AZSA LLC

(2) Date of replacement
 December 22, 2011 (Scheduled date for an annual general meeting of shareholders)

(3) Most recent appointment date of the outgoing auditing certified public accountant as an auditing certified public accountant
 December 22, 2010

(4) Comments made in audit reports or internal control reports prepared by the leaving certified public accountant during last 3 year period
 There are no relevant items.

(5) Reason and background leading to decision or implementation of replacement
 The term of service of our accounting auditor KPMG AZSA LLC will expire as of the end of the 19th annual general meeting of shareholders, and therefore, we have selected PricewaterhouseCoopers Aarata as our new accounting auditor.

(6) Comment of outgoing auditing certified public accountant on reason and background mentioned in paragraph 5 above in connection with contents of audit reports or internal control reports
 The outgoing auditing certified public accountants have no particular comments.

3. Regarding special initiatives for ensuring the adequacy of consolidated financial statements

The Company engages in special initiatives for ensuring the adequacy of consolidated financial statements. Specifically, we have joined the Financial Accounting Standards Foundation to properly understand the details of accounting standards, and to respond appropriately to changes in these. Furthermore, we have put in place systems for receiving information from companies specializing in disclosure on both a regular and occasional basis.

4. Regarding change of fiscal year end

The fiscal year end was changed from September 30 to December 31 by the resolution for partial amendments to the articles of incorporation at the 19th annual general meeting of shareholders held on December 22, 2011.

As a result, the previous fiscal and business year covered an irregular period of 15 months from October 1, 2011 to December 31, 2012.

1. Consolidated financial statements

(1) Consolidated financial statements

1) Consolidated balance sheet

(Millions of yen)

	FY12/12 end (December 31, 2012)	FY12/13 end (December 31, 2013)
Assets		
Current assets		
Cash and deposits	4,152	4,763
Notes and accounts receivable-trade	2,248	2,226
Merchandise	4	3
Supplies	11	17
Current portion of long-term loans receivable from subsidiaries and affiliates	120	—
Deferred tax assets	115	16
Other	308	358
Allowance for doubtful accounts	(28)	(43)
Total current assets	6,930	7,340
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	257	264
Accumulated depreciation and impairment loss	(113)	(144)
Buildings and structures, net	144	120
Machinery, equipment and vehicles	3	4
Accumulated depreciation and impairment loss	(2)	(4)
Machinery, equipment and vehicles, net	1	0
Tools, furniture and fixtures	402	406
Accumulated depreciation and impairment loss	(248)	(296)
Tools, furniture and fixtures, net	154	110
Construction in progress	—	1
Total property, plant and equipment	299	231
Intangible assets		
Goodwill	49	—
Software	244	306
Other	195	23
Total intangible assets	487	329
Investments and other assets		
Investment securities	*1 194	*1 425
Long-term loans receivable from subsidiaries and affiliates	75	—
Guarantee deposits	223	230
Deferred tax assets	2	20
Other	55	71
Allowance for doubtful accounts	(28)	(41)
Total investments and other assets	520	705
Total noncurrent assets	1,306	1,265
Total assets	8,236	8,605

(Millions of yen)

	FY12/12 end (December 31, 2012)	FY12/13 end (December 31, 2013)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	7	6
Short-term loans payable	*2 1,000	*2 1,000
Accounts payable-other	816	561
Accrued expenses	541	543
Income taxes payable	16	82
Other	147	159
Total current liabilities	2,527	2,351
Noncurrent liabilities		
Provision for retirement benefits	252	314
Asset retirement obligations	37	37
Deferred tax liabilities	6	7
Other	11	12
Total noncurrent liabilities	307	370
Total liabilities	2,834	2,721
Net assets		
Shareholders’ equity		
Capital stock	2,780	2,780
Capital surplus	2,013	2,006
Retained earnings	3,348	1,089
Treasury stock	(2,747)	—
Total shareholders’ equity	5,395	5,875
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	7	9
Total accumulated other comprehensive income	7	9
Total net assets	5,402	5,884
Total liabilities and net assets	8,236	8,605

2) Consolidated Profit and Loss Statement and Consolidated Statement of Comprehensive Income

Consolidated Profit and Loss Statement

(Millions of yen)

	FY12/12 (From October 1, 2011 to December 31, 2012)	FY12/13 (From January 1, 2013 to December 31, 2013)
Net sales	36,896	17,462
Cost of sales	28,362	11,755
Gross profit	8,534	5,707
Selling, general and administrative expenses		
Salaries and bonuses	2,379	1,825
Other salaries	640	613
Legal welfare expenses	453	362
Retirement benefit expenses	104	97
Communication expenses	232	167
Advertising expenses	26	20
Traveling and transportation expenses	296	243
Rents	497	435
Depreciation	242	191
Recruitment expense	241	190
Provision of allowance for doubtful accounts	10	42
Amortization of goodwill	9	6
Other	1,625	1,179
Total selling, general and administrative expenses	6,755	5,369
Operating income	1,779	338
Non-operating income		
Interest income	7	1
Dividends income	1	1
Real estate rent	11	—
Share of profit of entities accounted for using equity method	—	227
Reversal of accounts payable	44	17
Other	81	23
Total non-operating income	143	270
Non-operating expenses		
Interest expenses	20	8
Rent cost of real estate	11	—
Share of loss of entities accounted for using equity method	62	—
Damage compensation	15	11
Other	43	11
Total non-operating expenses	150	30
Ordinary income	1,772	578

(Millions of yen)

	FY12/12 (From October 1, 2011 to December 31, 2012)	FY12/13 (From January 1, 2013 to December 31, 2013)
Extraordinary income		
Gain on sales of investment securities	—	90
Gain on change in equity	26	69
Other	*1 0	*1 0
Total extraordinary income	26	160
Extraordinary loss		
Loss on retirement of noncurrent assets	*3 9	*3 2
Loss on sales of investment securities	3	2
Impairment loss	—	*4 81
Loss on abolishment of retirement benefit plan	2	—
Other	*2 1	*2 0
Total extraordinary losses	15	85
Income before income taxes and minority interests	1,783	652
Income taxes-current	173	92
Income taxes-deferred	183	80
Total income taxes	356	172
Income before minority interests	1,427	480
Net income	1,427	480

Consolidated Statement of Comprehensive Income

(Millions of yen)

	FY12/12 (From October 1, 2011 to December 31, 2012)	FY12/13 (From January 1, 2013 to December 31, 2013)
Income before minority interests	1,427	480
Other comprehensive income		
Valuation difference on available-for-sale securities	4	3
Share of other comprehensive income of associates accounted for using equity method	40	(2)
Total other comprehensive income	* 44	* 2
Comprehensive income	1,471	482
Comprehensive income attributable to		
Comprehensive income attributable to owners of the partner	1,471	482
Comprehensive income attributable to minority interests	—	—

3) Consolidated Statements of Shareholders' Equity

Accounting period for the previous fiscal year (From October 1, 2011 to December 31, 2012)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of current period	2,780	2,013	1,921	(2,747)	3,968
Changes of items during the period					
Net income			1,427		1,427
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	—	1,427	—	1,427
Balance at the end of current period	2,780	2,013	3,348	(2,747)	5,395

(Millions of yen)

	Accumulated other comprehensive income		Total net assets
	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income	
Balance at the beginning of current period	(36)	(36)	3,931
Changes of items during the period			
Net income			1,427
Net changes of items other than shareholders' equity	44	44	44
Total changes of items during the period	44	44	1,471
Balance at the end of current period	7	7	5,402

Accounting period for the current fiscal year (From January 1, 2013 to December 31, 2013)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of current period	2,780	2,013	3,348	(2,747)	5,395
Changes of items during the period					
Net income			480		480
Retirement of treasury stock		(2,747)		2,747	—
Transfer of negative balance of other capital surplus		2,739	(2,739)		—
Net changes of items other than shareholders' equity					—
Total changes of items during the period	—	(7)	(2,259)	2,747	480
Balance at the end of current period	2,780	2,006	1,089	—	5,875

(Millions of yen)

	Accumulated other comprehensive income		Total net assets
	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income	
Balance at the beginning of current period	7	7	5,402
Changes of items during the period			
Net income		—	480
Retirement of treasury stock		—	—
Transfer of negative balance of other capital surplus		—	—
Net changes of items other than shareholders' equity	2	2	2
Total changes of items during the period	2	2	482
Balance at the end of current period	9	9	5,884

4) Consolidated Cash Flows Statement

(Millions of yen)

	FY12/12 (From October 1, 2011 to December 31, 2012)	FY12/13 (From January 1, 2013 to December 31, 2013)
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	1,783	652
Depreciation and amortization	252	197
Amortization of goodwill	9	6
Impairment loss	—	81
Increase (decrease) in allowance for doubtful accounts	(29)	28
Increase (decrease) in provision for bonuses	(71)	(21)
Increase (decrease) in provision for retirement benefits	41	62
Interest and dividends income	(7)	(2)
Interest expenses	20	8
Loss (gain) on sales of investment securities	3	(88)
Share of loss (profit) of entities accounted for using equity method	62	(227)
Loss (gain) on change in equity	(26)	(69)
Loss on retirement of noncurrent assets	9	2
Decrease (increase) in notes and accounts receivable-trade	1,360	9
Decrease (increase) in inventories	3	(3)
Increase (decrease) in notes and accounts payable-trade	(407)	(43)
Decrease (increase) in accounts receivable-other	(13)	21
Increase (decrease) in accrued expenses	38	2
Increase (decrease) in accrued consumption taxes	(176)	(50)
Other, net	(15)	83
Subtotal	2,836	647
Interest and dividends income received	8	2
Interest expenses paid	(16)	(8)
Income taxes paid	(419)	(272)
Income taxes refund	66	140
Net cash provided by (used in) operating activities	2,475	509

(Millions of yen)

	FY12/12 (From October 1, 2011 to December 31, 2012)	FY12/13 (From January 1, 2013 to December 31, 2013)
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	(148)	(34)
Purchase of intangible assets	(163)	(217)
Purchase of investment securities	(101)	(0)
Proceeds from sales of investment securities	148	158
Payments of loans receivable	(100)	—
Collection of loans receivable	250	195
Purchase of investments in subsidiaries resulting in change in scope of consolidation	*2 (76)	–
Other, net	0	(1)
Net cash provided by (used in) investing activities	(189)	101
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	(781)	—
Repayment of long-term loans payable	(680)	—
Net cash provided by (used in) financing activities	(1,461)	—
Net increase (decrease) in cash and cash equivalents	824	611
Cash and cash equivalents at beginning of period	3,328	4,152
Cash and cash equivalents at end of period	*1 4,152	*1 4,763

[Notes]

(Significant accounting policies in the preparation of the consolidated financial statements)

1. Matters concerning the scope of consolidation

All subsidiaries are consolidated.

Number of consolidated subsidiaries: 5

Name of consolidated subsidiaries

Fullcast Co., Ltd., Top Spot Co., Ltd., Fullcast Advance Co., Ltd., Fullcast Business Support Co., Ltd. OtetsudaiNetworks Inc.

2. Matters concerning the application of the equity accounting method

(1) Affiliates accounted for by the equity method: 1

FPLAIN CO., LTD

Fullcast Marketing Co., Ltd. changed its company name to FPLAIN CO., LTD. on April 1, 2013.

(2) Items requiring listing in regards to procedures for applying the equity method

As the company accounted for under the equity method has a different settlement date, financial statements based on provisional settlement of accounts as of the consolidated settlements date are used in preparing the consolidated financial statements.

3. Matters concerning the business year and other information of consolidated subsidiaries

The settlement dates of consolidated subsidiaries match the consolidated settlement date.

4. Matters concerning accounting standards

(1) Valuation standards and valuation methods for significant assets

1) Marketable securities

Other marketable securities

Items with market value

Market value method based upon market prices at the end of consolidated fiscal year

(Valuation difference is reported as a component of net assets, and cost of products sold is calculated using a moving-average method)

Items with no market value

Moving-average cost method

2) Inventories

Valuation standards are based upon cost method (A book-value write-down based upon decreased profitability)

Merchandise and supplies

First-in, first-out method

(2) Depreciation method for significant depreciable assets

1) Property, plant and equipment (excluding lease assets)

Declining balance method

However, a straight-line method is used for buildings acquired from April 1, 1998 onward (excluding accessory equipment)

Useful lives are generally as follows.

Buildings and structures: 3-30 years

Machinery and vehicles: 2-4 years

Tools, furniture and fixtures: 2-20 years

2) Intangible assets (excluding lease assets)

Straight-line method

For software (for in-house use), a straight-line method based on the in-house availability period (3-5 years) is used.

3) Lease assets

For lease assets in non-ownership finance lease transactions, the lease period is treated as the useful life, and calculations are made using a straight-line method with residual value treated as zero.

Among non-ownership finance lease transactions, items for which the commencement date of lease transactions was prior to September 30, 2008 are calculated using accounting treatments based on methods used in standard lease transactions.

(3) Accounting standards for significant reserves

1) Allowance for doubtful accounts

To prepare for credit losses such as losses from accounts receivable and loans, we examine the collectability of general claims using a loan-loss ratio, and examine certain claims, such as those with default possibility, individually, and record the uncollectable amounts.

2) Provision for bonuses

To prepare for payments of employee bonuses, we record amounts borne for the current consolidated fiscal year, among expected payment amounts.

3) Provision for retirement benefits

To prepare for retirement benefits for employees, some of our consolidated subsidiaries record amounts recognized as accruing at the end of the current fiscal year, based upon expected amounts for retirement benefit obligations and pension assets at the end of the current fiscal year.

Prior service costs are generally treated collectively in the fiscal year in which they arise.

Actuarial differences are generally treated collectively in the fiscal year in which they arise.

(4) Significant accounting methods for hedge

1) Hedge accounting methods

Based upon deferred hedging

Also, among interest-rate swaps, relevant special treatments are used for transactions that are subject to “Special Treatments for Interest-Swaps” (Accounting Standards Annotations for Financial Instruments (Note 14)).

2) Hedge methods and hedged items

Hedge methods applying hedge accounting, and hedged items, are as follows.

Hedge methods: interest swap

Hedged items: interest on borrowing based upon a variable interest rate

3) Hedging policy

We perform interest-swap transactions with the aim of hedging against interest-rate risks.

Based on company regulations, these transactions are carried out by the relevant department, and internal auditors verify the validity of procedures and transactions for individual contracts.

4) Methods for evaluating the effectiveness of hedges

Interest-swap transactions

Regarding hedged items and hedge methods, we examine hedge effects for each individual transaction at the end of each fiscal year (including the end of consolidated fiscal quarters), but where important factors such as the principal, interest rate and term are identical, we skip this verification for hedged items and hedge methods.

(5) Method and term of amortization of goodwill

Regarding amortization of goodwill, we perform amortization for the period of time in which these effects are estimated to occur. However, where monetary amounts are small, we perform amortization for the full amount at the point of their occurrence.

(6) Scope of capital in consolidated cash flow statements

This is comprised of cash in hand, demand deposits and short-term investments that mature within three months after the date of acquisition, are highly liquid, can easily be converted into cash, and carry only insignificant risk in terms of changes in their values.

(7) Other items of importance for preparing consolidated financial statements

Accounting treatments for consumption tax, others

Accounting treatments for consumption tax and local consumption tax are based on a tax-excluded method.

(Accounting standards not applied)

“Accounting Standard for Retirement Benefits *(*ASBJ Statement No.26, May 17, 2012) and “Guidance on Accounting Standard for Retirement Benefits (ASBJ Guidance No.25, May 17, 2012)

(1) Summary

The accounting standard was revised, from the viewpoint of improvements to financial reporting and international trends, mainly focusing on how actuarial gains and losses and past service costs should be accounted for, how retirement benefit obligations and current service costs should be determined, and enhancement of disclosures.

(2) Scheduled date of application

Application is scheduled to take place at the end of the consolidated fiscal year starting on January 1, 2014 or thereafter.

(3) Impact of the application on of the accounting standard, other standards

We are currently evaluating the impact on the consolidated financial statements at the time of their preparation.

(Changes in presentation method)

(Regarding consolidated balance sheet)

(1) In the fiscal year under review, the “provision for bonuses” under “current liabilities” in the previous fiscal year was of little importance in monetary terms, and therefore it has been included in “other,” of “current liabilities,” starting from the fiscal year under review. In order to reflect the change in presentation method, modifications were made to the financial statements of the previous fiscal year.

As a result, the amount of 22 million yen for “provision for bonuses” under “current liabilities” in the consolidated balance sheet of the previous fiscal year is included in “other”.

(Regarding consolidated profit and loss statement)

(1) In the fiscal year under review, “provision for bonuses,” under “selling, general and administrative expenses,” in the previous fiscal year was of little importance in monetary terms, and therefore, it has been included among “other,” under “selling, general, and administrative expenses” starting from the fiscal year under review. In order to reflect this change, modifications have been made to the financial statements of the previous fiscal year.

As a result, “provision for bonuses,” under “selling, general, and administrative expenses,” of 73 million yen has been included in “other.”

(2) In the fiscal year under review, “trademark fee income,” under “non-operating income,” in the previous fiscal year was of little importance in monetary terms, and therefore, it has been included among “other,” under “non-operating income,” starting from the fiscal year under review. In order to reflect this change, modifications have been made to the financial statements of the previous fiscal year.

As a result, “trademark fee income,” of 26 million yen, under “non-operating income” in the previous fiscal year has been included in “other” of 26 million yen.

(3) In the fiscal year under review, “damage compensation,” included in “other,” of “non-operating cost” was

separately listed from the fiscal year under review, as it exceeded 10 percent of the total non-operating expenses. In order to reflect this change, modifications have been made to the financial statements of the previous fiscal year.

As a result, “other” of 15 million yen under “non-operating expenses” in the previous fiscal year has been divided into “damage compensation” of 15 million yen.

(Notes on consolidated balance sheet)

*1 The following figures reflect affiliated companies

	FY12/12 end (December 31, 2012)	FY12/13 end (December 31, 2013)
Investment securities (equities)	120 million yen	353 million yen

*2 The Company signed an agreement for overdraft with four banks to procure operating capital efficiently. The balance of borrowing involved in the agreement for overdraft at the end of the fiscal year under review is as follows:

	FY12/12 end (December 31, 2012)	FY12/13 end (December 31, 2013)
Limit of overdraft account	2,600 million yen	2,600 million yen
Borrowing	1,000 million yen	1,000 million yen
Balance	1,600 million yen	1,600 million yen

(Notes on Consolidated Profit and Loss Statement)

*1. Significant components of gain on sales of noncurrent assets in “other,” under extraordinary income:

	FY12/12 (From October 1, 2011 to December 31, 2012)	FY12/13 (From January 1, 2013 to December 31, 2013)
Tools, furniture and fixtures	0 million yen	0 million yen

*2. Significant components of loss on sales of noncurrent assets in “other” under the extraordinary loss:

	FY12/12 (From October 1, 2011 to December 31, 2012)	FY12/13 (From January 1, 2013 to December 31, 2013)
Tools, furniture and fixtures	1 million yen	0 million yen

*3. Significant components of loss on retirement of noncurrent assets

	FY12/12 (From October 1, 2011 to December 31, 2012)	FY12/13 (From January 1, 2013 to December 31, 2013)
Buildings and structures	5 million yen	1 million yen
Tools, furniture and fixtures	1 million yen	1 million yen
Software	3 million yen	—
Total	9 million yen	2 million yen

*4. Impairment loss

In the fiscal year under review, the Group recorded impairment loss for the following asset groups:

(1) Main assets for which an impairment loss was recognized

Use	Type	Place
Short-term operational support business	Tools, furniture and fixtures Software Other Goodwill	Shinagawa-ku, Tokyo

(2) Background to Recognition of Impairment Loss

As a result of a review of the business plan of our consolidated subsidiary OtetsudaiNetworks Inc. (Shinagawa-ku, Tokyo), the plan has not progressed as initially expected. Therefore, we consider the total book value of the assets for the short-term operational support business to be unrecoverable and recognize the impairment loss.

(3) Amount of impairment loss

Items	Amount
Tools, furniture and fixtures	0 million yen
Software	38 million yen
Other	0 million yen
Goodwill	43 million yen

(4) Grouping method of assets

To apply accounting for the impairment of assets, the Group classified assets in accordance with the classification of business segments.

(5) Calculation of collectible amount

The use-value is used for the collectible amount of the Company Group and calculated as zero based on an estimate of future cash flows.

(Notes on Consolidated Statement of Comprehensive Income)

* Amount of modifications and tax effect in other comprehensive income

	FY12/12 (From October 1, 2011 to December 31, 2012)	FY12/13 (From January 1, 2013 to December 31, 2013)
Valuation difference on available-for-sale securities:		
Amount incurred during the current fiscal year	5 million yen	5 million yen
Reclassification adjustment	—	(0 million yen)
Before tax effect adjustment	5 million yen	5 million yen
Tax effect	(2 million yen)	(2 million yen)
Valuation difference on available-for-sale securities	4 million yen	3 million yen
Share of other comprehensive income of associates accounted for using equity method:		
Amount incurred in the current fiscal year	1 million yen	87 million yen
Amount of modification	39 million yen	(89 million yen)
Share of other comprehensive income of associates accounted for using equity method	40 million yen	(2 million yen)
Total other comprehensive income	44 million yen	2 million yen

(Notes on Changes in Consolidated Statement of Shareholders' Equity)

Accounting period for the previous fiscal year (From October 1, 2011 to December 31, 2012)

1. Matters concerning the type and the number of shares issued and treasury stock

Type of shares	Number of shares at the beginning of the fiscal year	Increase in the number of shares during the fiscal year	Decrease in the number of shares during the fiscal year	Number of shares at the end of the fiscal year
Shares issued Common stock (shares)	395,964	—	—	395,964
Total	395,964	—	—	395,964
Treasury stock Common stock (shares)	11,100	—	—	11,100
Total	11,100	—	—	11,100

2. Matters concerning stock acquisition rights

There are no relevant matters

3. Matters concerning dividends

(1) Dividend payments

There are no relevant matters

(2) Of dividends the record date of which belongs to the current fiscal year, those the effective date of which falls in the following fiscal year

There are no relevant matters.

Consolidated accounting period for the current fiscal year (From January 1, 2013 to December 31, 2013)

1. Matters concerning the type and the number of shares issued and treasury stock

Type of shares	Number of shares at the beginning of the current fiscal year	Increase in the number of shares during the fiscal year	Decrease in the number of shares during the fiscal year	Number of shares at the end of the fiscal year
Shares issued Common stock (shares)	395,964	39,200,436	1,110,000	38,486,400
Total	395,964	39,200,436	1,110,000	38,486,400
Treasury stock Common stock (shares)	11,100	1,098,900	1,110,000	—
Total	11,100	1,098,900	1,110,000	—

(Summary of changes)

(1) The increase in the total number of common shares issued was due to the split of common shares at a ratio of 100 to one share.

(2) The decrease in the total number of common shares issued was due to the retirement of treasury stock, which was decided at a board of directors meeting.

(3) The increase in the number of common shares of treasury stock was due to the split of common shares at a ratio of 100 to one share.

(4) The decrease in the number of common shares of treasury stock was due to the retirement of treasury stock, which was decided at a board of directors meeting.

2. Matters concerning stock acquisition rights

There are no relevant matters.

3. Matters concerning dividend

(1) Dividend payments

There are no relevant matters.

(2) Of dividends the record date of which belongs to the fiscal year, those the effective date of which falls in or after the following fiscal year

Resolution	Type of shares	Dividend Resource	Total amount of dividend (million yen)	Dividend per share (yen)	Record date	Effective date
Feb. 14, 2014 Board of directors meeting	Common shares	Retained earnings	539	14.00	December 31, 2013	March 14, 2014

(Notes on Consolidated Cash Flows Statement)

*1. Reconciliation of the consolidated balance sheet items to cash and cash equivalents in the consolidated cash flow statements are as follows:

	FY12/12 (From October 1, 2011 to December 31, 2012)	FY12/13 (From January 1, 2013 to December 31, 2013)
Cash and deposits	4,152 million yen	4,763 million yen
Cash and cash equivalents	4,152 million yen	4,763 million yen

*2. Major details of assets and liabilities for companies which became new consolidated subsidiaries

Accounting period for the previous fiscal year (from October 1, 2011 to December 31, 2012)

OtetsudaiNetworks Inc. was newly consolidated through the acquisition of its shares. The following are details for the assets and liabilities of the company at the start of its consolidation, as well as details regarding the cost (net) of the acquisition of the company.

Current assets	18 million yen
Noncurrent assets	32 million yen
Goodwill	57 million yen
Current liabilities	(8 million yen)
Noncurrent liabilities	(10 million yen)
Purchase of shares	89 million yen
Cash and equivalents	(13 million yen)
Costs incurred from purchase (- = income)	76 million yen

Accounting period for the current fiscal year (From January 1, 2013 to December 31, 2013)

There are no relevant matters.

(Notes regarding lease transactions)

Finance and lease transactions other than those where transfer of property rights for leased buildings to tenants has been approved

1. Details of lease assets

These are tools, furniture and fixtures.

2. Depreciation methods for leased assets

These are as listed in "4. Matters concerning accounting standards, (2) Depreciation method for significant depreciable assets," under "Items of Fundamental Importance for Preparing Consolidated Financial Statements."

Among non-ownership-transfer finance lease transactions, lease transactions for which the commencement date for lease transactions was prior to September 30, 2008, we use accounting treatments based on methods used for standard lease transactions, and details of these are as follows.

Please note that the amount for the accounting period for the current fiscal year is omitted because it is insignificant.

(1) Amount equivalent to acquisition cost of lease assets, amount equivalent to cumulative depreciation, amount equivalent to cumulative impairment loss, and amount equivalent to balance at the end of fiscal year

(Millions of yen)

	Previous fiscal year (December 31, 2012)		
	Amount equivalent to acquisition cost	Amount equivalent to cumulative depreciation	Amount equivalent to balance at the end of fiscal year
Tools, furniture and fixtures	8	7	1

(2) Amount equivalent to term-end balance on unearned lease fees

(Millions of yen)

	Previous fiscal year (December 31, 2012)
Within 1 year	1
Over 1 year	0
Total	1

(3) Lease payments, depreciation equivalent amount, and equivalent to interest paid

(Millions of yen)

	Previous fiscal year (from October 1, 2011 to December 31, 2012)
Lease payments	2
Depreciation equivalent amount	2
Equivalent to interest paid	0

(4)Methods for calculating depreciation equivalent amount and equivalent to interest paid

1) Methods for calculating depreciation equivalent amount

We use a straight-line method, assuming residual value of zero, and treating useful life as the lease term.

2) Methods for calculating equivalent to interest

The difference between total lease charges and the amount equivalent to acquisition costs for lease properties as treated as the amount equivalent to interest, and allocation to each term is done through an interest method.

(Notes regarding financial instruments)

Previous fiscal year (from October 1, 2011 to December 31, 2012)

1. Matters concerning the state of financial instruments

(1) Policy initiatives for financial instruments

The Group assumes bank loans for working capital. We also work to achieve proper fund management through effective use of our Group CMS (cash management service). Fund management is generally limited to highly secure deposits that are liquid. Regarding derivatives, it is our policy not to engage in speculative trading.

(2) Details of financial instruments, and associated risks

Notes and accounts receivable-trade, which are operating receivables, are exposed to customer credit risks. Accounts payable and accrued expenses, which are operating debts, have due dates within one year. Loans are primarily taken out for the purpose of procuring working capital. Although floating rate loans are exposed to interest-rate risks, long-term loans avoid interest-rate risks for interest paid.

(3) Risk management systems for financial instruments

1) Management of credit risks (risks associated with contractual default by business partners)

Regarding credit risks for operating receivables, based on credit management regulations, as well as managing settlement dates and balances for each trading client engaged in core short-term human resources services such as Fullcast Co., Ltd., we are also working to quickly understand and lessen recovery concerns resulting from worsening financial situations.

2) Management of market risks (risks from fluctuations in exchange rates and interest rates)

To avoid risks from fluctuations in interest rates for payments on long-term loans, we only use fixed interest rates.

3) Management of liquidity risks for fund procurement (risk of being unable to execute payments on due dates)

Our Company's finance department conducts daily deposit balance management for the Group, and also appropriately manages liquidity risks for each group company through CMS.

(4) Supplementary explanation about matters concerning market values of financial instruments

As well as values based on market prices, in cases where there is no market price, reasonably calculated values are included in market prices for financial instruments. Because variable factors are incorporated in calculating these values, they may vary when different assumptions are used.

2. Matters concerning market values for financial instruments

Consolidated balance sheet amounts, market prices, and the differences between these, as recorded on December 31, 2012 (the settlement date for the current term), are as follows.

	Consolidated balance sheet amount (millions of yen)	Market value (millions of yen)	Difference (millions of yen)
(1) Cash and deposits	4,152	4,152	—
(2) Notes and accounts receivable-trade	2,248	2,248	—
(3) Guarantee deposits	223	223	(0)
Total assets	6,623	6,623	(0)
(4) Short-term loans payable	1,000	1,000	—
(5) Accounts payable-other	816	816	—
(6) Accrued expenses	541	541	—
Total liabilities	2,357	2,357	—

Notes: 1. Matters concerning methods for calculating market value of financial instruments

Assets

(1) Cash and deposits and (2) Notes and accounts receivable-trade

These items are settled in short periods, and those of market values are approximately equal to book value, they are based on relevant book-values.

(3) Guarantee deposits

Market values for guarantee deposits indicate past results from departure, and are based on current prices that are obtained by discounting expected receivable amounts – reflecting collectability – once the average term of residence has been calculated, by highly-safe interest rates that correspond to the period up until departure.

Liabilities

(4) Short-term loans payable, (5) Accounts payable-other, and (6) Accrued expenses

These are items that are settled in short periods, and because market values are approximately equal to book value, they are based on relevant book-values.

2. Expected redemption amount of pecuniary claims after the settlement date

	Within 1 Year (millions of yen)	1-5 Years (millions of yen)	5-10 Years (millions of yen)	Over 10 Years (millions of yen)
Cash and deposits	4,152	—	—	—
Notes and accounts receivable-trade	2,248	—	—	—
Total	6,400	—	—	—

3. Expected repayment amounts for short-term loans payable

	Within 1 year (millions of yen)	1-2 years (millions of yen)	2-3 years (millions of yen)	3-4 years (millions of yen)	4-5 years (millions of yen)	Over 5 years (millions of yen)
Short-term loans payable	1,000	—	—	—	—	—
Total	1,000	—	—	—	—	—

Current fiscal year (from January 1, 2013 to December 31, 2013)

1. Matters concerning the state of financial instruments

(1) Policy initiatives for financial instruments

The Group assumes bank loans for working capital. We also work to achieve proper fund management through effective use of our Group CMS (cash management service). Fund management is generally limited to highly secure deposits that are liquid. Regarding derivatives, it is our policy not to engage in speculative trading.

(2) Details of financial instruments, and associated risks

Notes and accounts receivable-trade, which are operating receivables, are exposed to customer credit risks. Accounts payable and accrued expenses, which are operating debts, have due dates of within one year. Loans are primarily taken out for the purpose of procuring working capital. Although floating rate loans are exposed to interest-rate risks, long-term loans avoid interest-rate risks for interest paid.

(3) Risk management systems for financial instruments

1) Management of credit risks (risks associated with contractual default by business partners)

Regarding credit risks for operating receivables, based on credit management regulations, as well as managing settlement dates and balances for each trading client of core short-term human resources services businesses such as Fullcast Co., Ltd., we are also working to quickly understand and lessen recovery concerns resulting from worsening financial situations.

2) Management of market risks (risks from fluctuations in exchange rates and interest rates)

To avoid risks from fluctuations in interest rates for payments on long-term loans, we only use fixed interest rates.

3) Management of liquidity risks for fund procurement (risk of being unable to execute payments on due dates)

Our Company’s finance department conducts daily deposit balance management for the Group, and also appropriately manages liquidity risks for each group company through CMS.

(4) Supplementary explanation about matters concerning market values of financial instruments

As well as values based upon market prices, in cases where there is no market price, reasonably calculated values are included in market prices for financial instruments. Because variable factors are incorporated in calculating these values, they may vary when different assumptions are used.

2. Matters concerning market values for financial instruments

Consolidated balance sheet amounts, market prices and differences between these, as recorded on December 31, 2013 (the consolidated settlement date for the term), are as follows.

	Consolidated balance sheet amount (millions of yen)	Market value (millions of yen)	Difference (millions of yen)
(1) Cash and deposits	4,763	4,763	—
(2) Notes and accounts receivable-trade	2,226	2,226	—
(3) Guarantee deposits	230	230	(0)
Total assets	7,219	7,219	(0)
(4) Short-term loans payable	1,000	1,000	—
(5) Accounts payable-other	561	561	—
(6) Accrued expenses	543	543	—
Total liabilities	2,104	2,104	—

Notes: 1. Matters concerning methods for calculating market value of financial instruments

Assets

(1) Cash and deposits and (2) Notes and accounts receivable-trade

These items are settled in short time periods, and those of market values are approximately equal to book value, they are based on relevant book-values.

(3) Guarantee deposits

Market values for guarantee deposits indicate past results from departure, and are based on current prices that are obtained by discounting expected receivable amounts – reflecting collectability – once the average term of residence has been calculated, by highly-safe interest rates that correspond to the period up until departure.

Liabilities

(4) Short-term loans payable, (5) Accounts payable-other and (6) Accrued expenses

These are items that are settled in short time periods, and because market values are approximately equal to book value, they are based on relevant book-values

2. Expected redemption amount of pecuniary claims after the settlement date

	Within 1 Year (millions of yen)	1-5 Years (millions of yen)	5-10 Years (millions of yen)	Over 10 Years (millions of yen)
Cash and deposits	4,763	—	—	—
Notes and accounts receivable-trade	2,226	—	—	—
Total	6,989	—	—	—

3. Expected repayment amounts for short-term loans payable

	Within 1 year (millions of yen)	1-2 years (millions of yen)	2-3 years (millions of yen)	3-4 years (millions of yen)	4-5 years (millions of yen)	Over 5 years (millions of yen)
Short-term loans payable	1,000	—	—	—	—	—
Total	1,000	—	—	—	—	—

(Notes on marketable securities)

Previous fiscal year

1. Items with market value among other marketable securities (as of December 31, 2012)

Classification	Consolidated balance sheet amount (millions of yen)	Acquisition cost (millions of yen)	Difference (millions of yen)
Items for which consolidated balance sheet amount exceeds acquisition cost			
(1) Shares	20	8	12
(2) Bonds			
Government bonds and municipal bonds	—	—	—
Corporate bonds	—	—	—
Other	—	—	—
(3) Other	—	—	—
Subtotal	20	8	12
Items for which consolidated balance sheet amount does not exceed acquisition cost			
(1) Shares	6	6	(0)
(2) Bonds			
Government bonds and municipal bonds	—	—	—
Corporate bonds	—	—	—
Other	—	—	—
(3) Other	—	—	—
Subtotal	6	6	(0)
Total	26	14	12

2. Other marketable securities sold during the current fiscal year (from October 1, 2011 to December 31, 2012)

Classification	Proceeds from sales (millions of yen)	Total gain on sales (millions of yen)	Total loss on sales (millions of yen)
Shares	148	—	3

3. Marketable securities for which impairment was performed (from October 1, 2011 to December 31, 2012)

There are no applicable items.

Current fiscal year

1. Other marketable securities (as of December 31, 2013)

Classification	Consolidated balance sheet amount (millions of yen)	Acquisition cost (millions of yen)	Difference (millions of yen)
Items for which consolidated balance sheet amount exceeds acquisition cost			
(1) Shares	25	10	16
(2) Bonds			
Government bonds and municipal bonds	—	—	—
Corporate bonds	—	—	—
Other	—	—	—
(3) Other	—	—	—
Subtotal	25	10	16
Items for which consolidated balance sheet amount does not exceed acquisition cost			
(1) Shares	—	—	—
(2) Bonds	—	—	—
Government bonds and municipal bonds	—	—	—
Corporate bonds	—	—	—
Other	—	—	—
(3) Other	—	—	—
Subtotal	—	—	—
Total	25	10	16

2. Other marketable securities sold during the current fiscal year (from January 1, 2013 to December 31, 2013)

Classification	Proceeds from sales (millions of yen)	Total gain on sales (millions of yen)	Total loss on sales (millions of yen)
Shares	8	1	2

3. Marketable securities for which impairment was performed (from January 1, 2013 to December 31, 2013)

There are no applicable items.

(Notes on retirement benefits)

1. Summary of the retirement benefit scheme adopted

Some of the Company's consolidated subsidiaries have established employees' pension funds and termination allowance plans as fixed benefit-type programs.

As of the end of the current fiscal year, two companies of the Group maintain termination allowance plans, while one of those maintains a general type employees' pension fund system.

Please note that two Group companies had maintained a taxation approved retirement plan as for the approved retirement annuity system, but the companies cancelled them in October and December 2011, respectively. As for the employees' pension funds, one company of the Group had the "Billboard Display Employees' Pension Fund" (general type) but withdrew from it in October 2012. Presently, one company of the Group has the "Japan Security Services Employees' Pension Fund (general type)."

Matters associated with the multiemployer pension plan in which the amount of required contributions is accounted for as retirement benefit expenses are as follows.

(1) Matters concerning the funded status of the overall plan (Unit: Millions of yen)

	FY12/12 (as of March 31, 2012)	FY12/13 (as of March 31, 2013)
Pension assets	23,524	27,371
Benefit obligation based on the calculation of pension financial position	31,319	33,721
Difference	(7,795)	(6,350)

(2) The ratio of contribution of the Company Group to the overall plan

Previous fiscal year 3.72% (from April 1, 2011 to March 31, 2012)

Current fiscal year 3.17% (from April 1, 2012 to March 31, 2013)

(3) Supplementary explanation

The main factor for the difference in (1) above is the balance of prior service costs (4,069 million yen for the previous fiscal year and 5,762 million yen for the current fiscal year), and the deficit carried forward (3,726 million yen for the previous fiscal year and 588 million yen for the current fiscal year) based upon the calculation of pension financial position. The amortization method of prior service costs used in this plan is an equal monthly payment with interest (for 17 years and five months in the previous fiscal year and 19 years and zero months in the current fiscal year).

The ratio in (2) above is not the same as the ratio of actual obligation of the Company Group.

2. Matters concerning retirement benefit obligation (Unit: Millions of yen)

	FY12/12 end (December 31, 2012)	FY12/13 end (December 31, 2013)
(1) Retirement benefit obligation	(252)	(314)
(2) Pension assets	—	—
(3) Non-accumulated retirement benefit obligation ((1) + (2))	(252)	(314)
(4) Prepaid pension cost	—	—
(5) Retirement benefit allowance ((3) – (4))	(252)	(314)

3. Matters concerning retirement benefit expenses (Unit: Millions of yen)

	FY12/12 (From October 1, 2011 to December 31, 2012)	FY12/13 (From January 1, 2013 to December 31, 2013)
(1) Service cost	93	71
(2) Interest cost	1	1
(3) Expected return on plan assets	—	—
(4) Cost to dispose of prior service costs	(7)	—
(5) Cost to dispose of actuarial differences	16	25
(6) Contribution to employees' pension fund	2	—
(7) Special contribution for withdrawal from employees' pension fund	14	—
(8) Retirement benefit expenses ((1)+(2)+(3)+(4)+(5)+(6)+(7))	118	97

Notes: 1. In the previous fiscal year, aside from the retirement benefit fees listed above, 2 million yen of loss on abolishment of retirement benefit plan due to cancellation of taxation approved retirement plan has been booked as an extraordinary loss.

4. Matters concerning the basis of calculation of retirement benefit obligation, etc.

(1) Distribution of estimated retirement benefits during term

Fixed amount standards during term

(2) Discount rate

FY12/12 (From October 1, 2011 to December 31, 2012)	FY12/13 (From January 1, 2013 to December 31, 2013)
Mainly 0.4%	Mainly 0.4%

(3) Expected rate of return on plan assets

FY12/12 (From October 1, 2011 to December 31, 2012)	FY12/13 (From January 1, 2013 to December 31, 2013)
—	—

(4) Number of years to dispose of prior service costs

Lump-sum payment at occurrence

(5) Number of years to dispose of actuarial differences

Lump-sum payment at occurrence

(Notes on tax effect accounting)

1. Details of main reasons for deferred tax asset and deferred tax liability

(Millions of yen)

	FY12/12 end (December 31, 2012)	FY12/13 end (December 31, 2013)
Deferred tax asset		
Allowance for doubtful accounts and bad debt loss	9	34
Allowance for retirement benefits	90	117
Loss from revaluation of investment securities	28	28
Loss carried forward	1,605	1,443
Accrued enterprise taxes	0	5
Accrued social insurance premiums	1	0
Accrued office taxes	2	7
Impairment loss	2	12
Asset retirement obligations	10	11
Other	40	28
Subtotal of deferred tax asset	1,787	1,685
Valuation reserve	(1,670)	(1,649)
Total deferred tax asset	117	36
Deferred tax liability		
Revaluation differentials of other securities, etc.	(6)	(7)
Total deferred tax liability	(6)	(7)
Net deferred tax asset	111	29

2. Item details of the main reasons for differentials between the legal effective tax rates and the ratio of tax expenses, including corporate taxes, after tax effect accounting is applied

	FY12/12 end (December 31, 2012)	FY12/13 end (December 31, 2013)
Legal effective tax rates	38.0 %	38.0%
(Adjustment)		
Non-deductible cost items	0.5	1.7
Dividend income	(0.0)	(0.0)
Fixed-rate residents on inhabitant tax	3.2	7.8
Earnings from change in equity method	(0.6)	(4.0)
Loss carried forward	18.9	21.8
Expiration of loss carried forward	—	1.7
Share of loss (profit) of entities accounted for using equity method	1.3	(13.3)
Valuation reserve amount	(43.2)	(30.0)
Change in tax rates due to tax system revision	1.6	—
Internal adjustment for gain on sales of investment securities	—	2.1
Other	0.1	0.7
Ratio of tax expenses, including corporate taxes, after tax effect accounting is applied	20.0 %	26.3%

(Notes on asset retirement obligations)

Asset retirement obligations recorded in the consolidated balance sheet

(1) Overview of the asset retirement obligations

Restoration obligation under the real estate rental agreement regarding the head office property, others

(2) Calculation of the amount of asset retirement obligations

The amount of asset retirement obligations is calculated using a 0.4% discount rate, with estimated period of six years.

(3) Increase (decrease) in total asset retirement obligations

(Millions of yen)

	FY12/12 (From Oct. 1, 2011 to Dec. 31, 2012)	FY12/13 (From Jan. 1, 2013 to Dec. 31, 2013)
Balance at beginning of current period	33	37
Increase by purchase of property, plant and equipment	5	—
Adjustment for lapse of time	0	0
Decrease due to fulfillment of asset retirement obligations	(1)	(0)
Balance at the end of current period	37	37

(Information on the business segments and others)

Segment information

Previous fiscal year (From October 1, 2011 to December 31, 2012)

1. Overview of reporting segments

The Company's reporting segments are business units for which financial information based on the Company's structural units can be independently obtained, and are subject to regular examinations in order for the board of directors to decide upon allocations of management resources and to evaluate their performance.

Our Group has two reporting segments: 1) short-term operational support business and 2) security business. The short-term operational support business provides timely short-term staffing services that cater to fluctuations in client companies' workloads. And the security business mainly provides security services for public facilities and general companies.

2. Information concerning calculation of the amount of sales, profits or losses, assets, and other items for each reporting segment

The accounting methods for each segment reported are almost the same as those described in the "Significant Accounting Policies in the Preparation of the Consolidated Financial Statements."

Income of each reporting segment is an amount based upon its operating income. Inter-segment profits and transfers are based upon market prices.

3. Information concerning the amount of sales, profits and losses, assets, and other items for each reporting segment.

(Millions of yen)

	Reporting segments		Total	Adjustment	Consolidated
	Short term operational support business	Security business			
Net sales					
Sales to external customers	34,373	2,524	36,896	—	36,896
Inter-segment sales or transfers	—	0	0	(0)	—
Total	34,373	2,524	36,897	(0)	36,896
Segment income or loss (-)	2,300	164	2,464	(685)	1,779
Segment assets	5,759	527	6,286	1,950	8,236
Other					
Depreciation and amortization	136	3	138	114	252
Amortization of goodwill	9	—	9	—	9
Increase of property, plant and equipment and intangible assets	131	0	131	180	311

Notes 1: The amount of (685) million yen for adjustment of segment profits includes the amount of 13 million yen for elimination of inter-segment transactions and company wide expenses of (698) million yen that are not allocated to reported segments. The expenses of the company wide are primarily made up of the general administrative expenses that cannot be assigned to reported segments.

2: The profit (loss) of the segments has been adjusted with the operating income shown in the consolidated profit and loss statement.

3: The amount of 1,950 million yen for adjustment of segment-based assets is primarily made up of the loans to affiliated companies, the long-term investment assets (investment securities), the assets involved in administrative departments and others at the head office of the parent company.

4: The amount of 114 million yen for adjustment of depreciation expenses is primarily made up of the depreciation amounts for buildings, structures, and software of the head office of the company.

5: The amount of 180 million yen for adjustment of increases in the amount of the property, plant and equipment and intangible assets is primarily made up of those for the buildings and structures of the head office of the company and, tools, furniture and fixtures, and software for a new system.

Current fiscal year (From January 1, 2013 to December 31, 2013)

1. Overview of reporting segments

The Company's reporting segments are business units for which financial information based on the Company's structural units can be independently obtained, and are subject to regular examinations, in order for the board of directors to decide upon allocations of management resources and to evaluate their performance.

Our Group has two reporting segments: 1) "short-term operational support business" and 2) "security business." The "short-term operational support business" provides timely short-term staffing services that cater to fluctuations in client companies' workloads. The "security business" mainly provides security services for public facilities and general companies.

2. Information concerning the calculation of the amount of sales, profits or losses, assets, liabilities and other items for each reporting segment

The accounting methods for each segment reported are almost the same as those described in the "Significant Accounting Policies in the Preparation of the Consolidated Financial Statements."

Income of each reporting segment is an amount based upon its operating income. Inter-segment profits and transfers are based upon market prices.

3. Information concerning the amount of sales, profits or losses, assets, and other items for each reporting segment.

(Millions of yen)

	Reporting segment		Total	Adjustment *	Consolidated
	Short term operational support business	Security business			
Net sales					
Sales to external customers	15,665	1,797	17,462	—	17,462
Inter-segment sales or transfers	2	—	2	(2)	—
Total	15,667	1,797	17,464	(2)	17,462
Segment income or loss (-)	834	101	935	(598)	338
Segment assets	4,792	634	5,427	3,178	8,605
Other					
Depreciation and amortization	46	2	48	149	197
Amortization of goodwill	6	—	6	—	6
Impairment loss	81	—	81	—	81
Increase of property, plant and equipment and intangible assets	13	1	14	237	250

Notes 1: The amount of (598) million yen for adjustment of segment profits includes the amount of (0) million yen for elimination of inter-segment transactions and the expenses of the company wide of (597) million yen that are not allocated to reported segments. The company wide expenses are primarily made up of general administrative expenses not belonging to the reported segments.

2: The profit (loss) of the segments have been adjusted with the operating income shown in the consolidated profit and loss statement.

3: The amount of 3,178 million yen for adjustment of segment-based assets is primarily made up of the long-term investment assets (investment securities), the assets involved in the administrative departments and others at the head office of the parent company.

4: The amount of 149 million yen for adjustment of depreciation expenses is primarily made up of the depreciation amounts for the buildings, structures, and software of the head office of the company.

5: The amount of 237 million yen for adjustment of increases in the amount of the property, plant, and equipment and intangible assets is primarily made up of those for the buildings and structures of the head office of the company and tools, furniture and fixtures, and software for a new system.

Related information

Previous fiscal year (from October 1, 2011 to December 31, 2012)

1. Information about each product or service

   Information has been omitted as similar information is disclosed in the segment information.

2. Information for each region

   Information has been omitted as we did not have any consolidated subsidiaries or foreign offices located in any foreign countries or regions outside of Japan.

3. Information for each major customer

   Information has been omitted as there is no outside customer representing 10% or more of the net sales in the consolidated profit and loss statement.

Current fiscal year (from January 1, 2013 to December 31, 2013)

1. Information about each product or service

   Information has been omitted as similar information is disclosed in the Segment information.

2. Information for each region

   Information has been omitted as we did not have any consolidated subsidiaries or foreign offices located in any foreign countries or regions outside of Japan.

3. Information for each major customer

   Information has been omitted as there is no outside customer representing 10% or more of the net sales in the consolidated profit and loss statement.

Information concerning impairment loss on noncurrent assets for each reporting segment

Previous fiscal year (from October 1, 2011 to December 31, 2012)

There are no relevant matters.

Current fiscal year (from January 1, 2013 to December 31, 2013)

	Reporting segment		Total (millions of yen)	All companies and elimination (millions of yen)	Total (millions of yen)
	Short-term operational support business (millions of yen)	Security business (millions of yen)			
Impairment loss	81	—	81	—	81

Information concerning the amount of amortization of goodwill and unamortized balance for each reporting segment

Previous fiscal year (from October 1, 2011 to December 31, 2012)

	Reporting segment		Total (millions of yen)	All companies and elimination (millions of yen)	Total (millions of yen)
	Short-term operational support business (millions of yen)	Security business (millions of yen)			
Balance at the end of the period	49	—	49	—	49

(Note) Information on amortization of goodwill is omitted as it is similar to information disclosed in the segment information.

Current consolidated fiscal year (from January 1, 2013 to December 31, 2013)

	Reporting segment		Total (millions of yen)	All companies and elimination (millions of yen)	Total (millions of yen)
	Short-term operational support business (millions of yen)	Security business (millions of yen)			
Balance at the end of the period	—	—	—	—	—

(Note) Information on amortization of goodwill is omitted as similar information is disclosed in the segment information.

Information concerning gain on negative goodwill for each reporting segment

Previous fiscal year (from October 1, 2011 to December 31, 2012)

There are no relevant matters.

Current fiscal year (from January 1, 2013 to December 31, 2013)

There are no relevant matters.

Information on related parties

Previous fiscal year (from October 1, 2011 to December 31, 2012)

1. Transactions with related parties

Transactions with companies submitting consolidated financial statements and related parties

i. Subsidiaries and affiliates of companies submitting consolidated financial statements

Type	Name of company or individual	Location	Capital stock (millions of yen)	Description of business or occupation	Proportion of voting rights held (or owned) (%)	Relationship with related party	Transaction details	Transaction amount (millions of yen)	Subject	Term-end balance (millions of yen)
Affiliate	Fullcast Marketing, Co., Ltd.	Minato-ku, Tokyo	488	Sale of communications products	Owning directly 37.19	Lending working capital Acceptance of collateral Receipt of trademark fee income	Lending capital *1 Collecting capital	100 250	Current portion of long-term loans receivable from subsidiaries and affiliates	120
									long-term loans receivable from subsidiaries and affiliates	75
							Acceptance of collateral *2	191	—	—
							Receipt of trademark fee income *3	26	Accounts receivable	3

While consumption tax is not included in transaction amounts listed above, tax is included in the term-end balance of accounts receivable.

Transaction terms and policies for their decision

Notes: *1 Regarding the rate of lending, the interest rate is determined after consideration is given to market interest rates.

*2 We have received provisions of collateral for financial loans, and the transaction amount is the outstanding guarantees at the end of the period.

*3 As for trademark fees, we have transactions based upon an agreement for trademark usage.

ii. Fellow companies

Type	Name of company or individual	Location	Capital stock (millions of yen)	Description of business or occupation	Proportion of voting rights held (or owned) (%)	Relationship with related party	Transaction details	Transaction amount (millions of yen)	Subject	Term-end balance (millions of yen)
Companies for which major shareholders (corporations) hold the majority of voting rights on own accounts	Info Service Inc.	Toshima-ku, Tokyo	90	Information service business	—	Trading of stocks	Sales of investment securities * Proceeds of sales	148	—	—

Consumption tax is not included in transaction amounts listed above.

Transaction terms and policies for their decision

Note: * Sales prices are determined based upon the amount of net assets and others of the target company.

2. Notes concerning parent companies and major affiliates

There are no applicable items.

Current fiscal year (from January 1, 2013 to December 31, 2013

1. Transactions with related parties

Transactions with companies submitting consolidated financial statements and related parties

i. Subsidiaries and affiliates of companies submitting consolidated financial statements

Type	Name of company or individual	Location	Capital stock (millions of yen)	Description of business or occupation	Proportion of voting rights held (or owned) (%)	Relationship with related party	Transaction details	Transaction amount (millions of yen)	Subject	Term-end balance (millions of yen)
Affiliate	FPLAIN CO., LTD (formerly Fullcast Marketing, Co., Ltd.)	Minato-ku, Tokyo	681	Sale of communications products	Owning directly 23.81	Lending working capital Concurrent directors etc.	Collecting capital Receiving interest *	195 0	— —	— —

Consumption tax is not included in transaction amounts listed above.

Transaction terms and policies for their decision

Note: * Regarding the rate of lending, the interest rate is determined after consideration is given to market interest rates.

ii. Directors and major individual shareholders

Type	Name of company or individual	Location	Capital stock (millions of yen)	Description of business or occupation	Proportion of voting rights held (or owned) (%)	Relationship with related party	Transaction details	Transaction amount (millions of yen)	Subject	Term-end balance (millions of yen)
Director and his relatives	Takehito Hirano	—	—	Director of the Company	Owned Directly 2.95 Indirectly 37.31	—	Sales of securities of related companies* Sales proceeds Gain on sales	61 50	—	—

Consumption tax is not included in transaction amounts listed above.

Transaction terms and policies for their decision

Note: *Sales prices of securities of related companies are determined after consultations between both parties.

2. Notes concerning parent companies and major affiliates

There are no applicable items.

Per share information

Previous fiscal year (from October 1, 2011 to December 31, 2012)		Current fiscal year (from January 1, 2013 to December 31, 2013)	
Net assets per share:	140.37 yen	Net assets per share:	152.88 yen
Net income per share:	37.08 yen	Net income per share:	12.48 yen

Notes: 1. Diluted net income per share for the fiscal year is not reported since there is no outstanding latent stock.

2: The Company, based upon the decisions reached at the board of directors meeting held on May 24, 2013, split common shares at a ratio of 100 to one share with the effective date of July 1, 2013. Accordingly for the purpose of calculating net assets per share and net income per share, it is assumed that the stock split was implemented at the beginning of the previous fiscal year.

3: The basis for calculating net income per share in the fiscal year under review is as follows.

Item	Previous fiscal year (from October 1, 2011 to December 31, 2012)	Current fiscal year (from January 1, 2013 to December 31, 2013)
Net income (millions of yen)	1,427	480
Net income (basic) (millions of yen)	1,427	480
Net income not available to common stock (millions of yen)	—	—
Average number of common stock outstanding during the period (shares)	38,486,400	38,486,400

Major subsequent events

There are no applicable items.

5) Consolidated statement schedule

Corporate bond schedules

There are no applicable items.

Schedule of debt

Classification	Balance at the beginning of the current term (millions of yen)	Balance at the end of the current term (millions of yen)	Average interest rate (%)	Repayment term
Short-term loans payable	1,000	1,000	0.78	—
Current portion of long-term loans payable	—	—	—	—
Lease obligations due within one year	—	—	—	—
Long-term loans payable (excluding current portion of loans)	—	—	—	—
Lease obligations (excluding obligations due within one year)	—	—	—	—
Other interest-bearing debt	—	—	—	—
Total	1,000	1,000	—	—

Note: The average weighted interest rate for term-end balance on loans is listed as the average interest rate.

Schedule of asset retirement obligations

Items are omitted because their amount does not exceed one-hundredth of the sum of liabilities and net assets at the respective time—neither at the beginning nor end of the current fiscal year.

(2) Other

Information for each fiscal quarter in the current fiscal year

(Aggregate period)	First quarter	Second quarter	Third quarter	Current consolidated fiscal year
Net sales (millions of yen)	4,010	8,154	12,649	17,462
Quarterly net income before income taxes (millions of yen)	40	138	387	652
Quarterly net income (millions of yen)	44	129	326	480
Quarterly net income per share (yen)	1.14	3.36	8.47	12.48

(Accounting period)	First quarter	Second quarter	Third quarter	Fourth quarter
Quarterly net income per share (yen)	1.14	2.22	5.11	4.00

(Note) The Company, based on the decisions at the board of directors meeting held on May 24, 2013, split common shares at a ratio of 100 to one share with the effective date of July 1, 2013. Accordingly, for the purpose of calculating net assets and net income per share, it is assumed that the stock split was implemented at the beginning of the current fiscal year.

2. Financial Statements

(1) Financial statements

1) Balance sheet

(Millions of yen)

	FY12/12 end (December 31, 2012)	FY12/13 end (December 31, 2013)
Assets		
Current assets		
Cash and deposits	906	2,264
Supplies	10	9
Prepaid expenses	25	27
Short-term loans receivable from subsidiaries and affiliates	34	42
Current portion of long-term loans receivable from subsidiaries and affiliates	120	—
Accounts receivable-other	*1 211	*1 389
Income taxes receivable	140	242
Other	*1 6	*1 4
Allowance for doubtful accounts	(3)	(44)
Total current assets	1,450	2,933
Noncurrent assets		
Property, plant and equipment		
Buildings	98	103
Accumulated depreciation	(34)	(47)
Buildings, net	64	56
Tools, furniture and fixtures	151	161
Accumulated depreciation	(54)	(93)
Tools, furniture and fixtures, net	97	68
Construction in progress	—	1
Total property, plant and equipment	161	124
Intangible assets		
Software	200	306
Software in progress	171	—
Other	3	2
Total intangible assets	374	308
Investments and other assets		
Investment securities	56	52
Stocks of subsidiaries and affiliates	1,758	1,643
Long-term loans receivable from subsidiaries and affiliates	75	—
Investments in capital	0	0
Guarantee deposits	47	51
Insurance funds	14	14
Long-term prepaid expenses	2	0
Claims provable in bankruptcy, claims provable in rehabilitation and other	1	1
Allowance for doubtful accounts	(1)	(1)
Total investments and other assets	1,952	1,759
Total noncurrent assets	2,487	2,191
Total assets	3,936	5,124

(Millions of yen)

	FY12/12 end (December 31, 2012)	FY12/13 end (December 31, 2013)
Liabilities		
Current liabilities		
Short-term loans payable	*2 1,000	*2 1,000
Accounts payable-other	*1 322	*1 160
Accrued expenses	10	8
Income taxes payable	1	14
Accrued consumption taxes	14	5
Deposits received	3	2
Unearned revenue	*1 0	*1 1
Total current liabilities	1,351	1,191
Noncurrent liabilities		
Long-term guarantee deposited	*1 11	*1 7
Deferred tax liabilities	6	6
Asset retirement obligations	20	20
Total noncurrent liabilities	37	33
Total liabilities	1,387	1,224
Net assets		
Shareholders’ equity		
Capital stock	2,780	2,780
Capital surplus		
Other capital surplus	7	—
Total capital surpluses	7	—
Retained earnings		
Other retained earnings		
Retained earnings brought forward	2,500	1,111
Total retained earnings	2,500	1,111
Treasury stock	(2,747)	—
Total shareholders’ equity	2,541	3,891
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	8	8
Total valuation and translation adjustments	8	8
Total net assets	2,549	3,900
Total liabilities and net assets	3,936	5,124

2) Profit and Loss Statement

(Millions of yen)

	FY12/12 (From October 1, 2011 to December 31, 2012)	FY12/13 (From January 1, 2013 to December 31, 2013)
Operating revenue		
Consulting fee income	*1 1,178	*1 746
Commissions from subsidiaries and affiliates	970	1,279
Dividends from subsidiaries and affiliates	700	1,228
Total operating revenue	2,849	3,253
Operating expenses		
Directors' compensations	108	85
Salaries and bonuses	508	540
Commission fee	388	381
Depreciation	101	143
Other	559	730
Total operating expenses	1,664	1,879
Operating income	1,185	1,374
Non-operating income		
Interest income	7	1
Dividends income	0	1
Real estate rent	*1 39	*1 15
Rent income on facilities	*1 10	*1 5
Trademark fee income	*1 26	*1 4
Other	7	4
Total non-operating income	90	29
Non-operating expenses		
Interest expenses	20	8
Depreciation	11	4
Rent cost of real estate	39	15
Other	4	0
Total non-operating expenses	73	28
Ordinary income	1,201	1,375
Extraordinary income		
Gain on sales of investment securities	—	1
Gain on sales of subsidiaries and affiliates' stocks	—	125
Total extraordinary income	—	126
Extraordinary loss		
Loss on retirement of noncurrent assets	*2 5	*2 2
Loss on sales of investment securities	3	1
Loss on valuation of stocks of subsidiaries and affiliates	—	89
Provision of allowance for doubtful accounts	—	42
Total extraordinary losses	8	133
Income before income taxes	1,193	1,368
Income taxes-current	3	18
Income taxes-deferred	(2)	(1)
Total income taxes	1	18
Net income	1,192	1,350

3) Statements of Shareholders' Equity

Accounting period for the previous fiscal year (From October 1, 2011 to December 31, 2012)

(Millions of yen)

	Shareholders' equity						
		Capital surplus		Retained earnings			
	Capital	Other capital surplus	Total capital surplus	Other retained earnings Retained earnings carried forward	Total retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of current period	2,780	7	7	1,308	1,308	(2,747)	1,349
Changes of items during the period							
Net income				1,192	1,192		1,192
Net changes of items other than shareholders' equity							
Total changes of items during the period	—	—	—	1,192	1,192	—	1,192
Balance at the end of current period	2,780	7	7	2,500	2,500	(2,747)	2,541

(Millions of yen)

	Valuation and translation adjustments		Total net assets
	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at the beginning of current period	4	4	1.352
Changes of items during the period			
Net income			1,192
Net changes of items other than shareholders' equity	4	4	4
Total changes of items during the period	4	4	1,196
Balance at the end of current period	8	8	2,549

Accounting period for the current fiscal year (From January 1, 2013 to December 31, 2013)

(Millions of yen)

	Shareholders' equity						
		Capital surplus		Retained earnings			
				Other retained earnings			
	Capital	Other capital surplus	Total capital surplus	Retained earnings carried forward	Total retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of current period	2,780	7	7	2,500	2,500	(2,747)	2,541
Changes of items during the period							
Net income	—	—	—	1,350	1,350	—	1,350
Retirement of treasury stock	—	(2,747)	(2,747)	—	—	2,747	—
Transfer of negative balance of other capital surplus	—	2,739	2,739	(2,739)	(2,739)	—	—
Net changes of items other than shareholders' equity							
Total changes of items during the period	—	(7)	(7)	(1,389)	(1,389)	2,747	1,350
Balance at the end of current period	2,780	—	—	1,111	1,111	—	3,891

(Millions of yen)

	Valuation and translation adjustments		
	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	Total net assets
Balance at the beginning of current period	8	8	2,549
Changes of items during the period			
Net income	—	—	1,350
Retirement of treasury stock	—	—	—
Transfer of negative balance of other capital surplus	—	—	—
Net changes of items other than shareholders' equity	1	1	1
Total changes of items during the period	1	1	1,351
Balance at the end of current period	8	8	3.900

[Notes]

(Significant accounting policies)

1. Valuations standards and methods for marketable securities
   (1) Shares in subsidiaries and affiliates
   Cost approach using a moving-average method
   (2) Other marketable securities
   Items with market value
   Market value method based on market prices on the settlement date (all valuation differences are reported as a component of net assets, and cost of sales is calculated using a moving-average method)
   Items without market value
   Cost approach using a moving-average method

2. Depreciation method for fixed assets
   (1) Property, plant and equipment
   Declining balance method
   However, for buildings acquired after April 1, 1998 (excluding accompanying facilities), we use a straight-line method.
   Useful lives for major details are as follows.
   Buildings: 3-15 years
   Tools, furniture and fixtures: 2-20 years
   (2) Intangible assets
   Software
   For in-house use, we use a straight-line method based on the period of availability within the company (5 years).
   Other
   Straight-line method

3. Standards for recording reserves
   Allowance for doubtful accounts
   To prepare for credit losses, such as losses from accounts receivable and loans, we examine the collectability of general claims using a loan-loss ratio, and examine certain claims, such as those with default possibility, individually, and record the uncollectable amounts.

4. Hedge accounting methods
   1) Hedge accounting methods
   Based on deferred hedging
   Also, among interest-rate swaps, relevant special treatments are used for transactions that are subject to "Special Treatments for Interest-Swaps" (Accounting Standards Annotations for Financial Instruments (Note 14)).
   2) Hedge methods and hedged items
   Hedge methods applying hedge accounting, and hedged items, are as follows.
   Hedge methods: interest swap
   Hedged items: interest on borrowing based on a variable interest rate
   3) Hedging policy
   We perform interest-swap transactions with the aim of hedging interest-rate risks.
   Based upon company regulations, these transactions are carried out by the relevant departments, and internal auditors verify the validity of procedures and transactions for individual contracts.

4) Methods for evaluating the effectiveness of hedges

Interest-swap transactions

Regarding hedged items and hedge methods, we examine hedge effects for each individual transaction at the end of each fiscal year (including the end of fiscal quarters), but where important factors such as the principal, interest rate and term are identical, we forgo verification of hedged items and hedge methods.

5. Significant other items for preparing financial statements

Accounting treatments for consumption tax, others

Accounting treatments for consumption tax and local consumption tax are based on tax-excluded methods.

(Notes on Balance Sheet)

*1 Assets and liabilities vis-a-vis subsidiaries and affiliated companies

Various items that fall outside the scope of our itemized accounts are as follows.

	FY12/12 end (December 31, 2012)	FY12/13 end (December 31, 2013)
Accounts receivable-other	210 million yen	389 million yen
Other	6 million yen	4 million yen
Accounts payable-other	74 million yen	88 million yen
Unearned revenue	0 million yen	1 million yen
Long-term guarantee deposited	11 million yen	7 million yen

*2 The Company signed an agreement for overdraft with four banks to procure operating capital efficiently. The balance of borrowing involved in the agreement for overdraft at the end of this fiscal year is as follows.

	FY12/12 end (December 31, 2012)	FY12/13 end (December 31, 2013)
Limit of overdraft account	2,600 million yen	2,600 million yen
Borrowing	1,000 million yen	1,000 million yen
Balance	1,600 million yen	1,600 million yen

(Notes on Profit and Loss Statement)

*1 Various items that fall outside the scope of our itemized accounts are as follows.

	FY12/12 (From October 1, 2011 to December 31, 2012)	FY12/13 (From January 1, 2013 to December 31, 2013)
Consulting fee income	1,178 million yen	746 million yen
Real estate rent	39 million yen	15 million yen
Rent income on facilities	10 million yen	5 million yen
Trademark fee income	26 million yen	4 million yen

*2 Significant components of loss on retirement of noncurrent assets

	FY12/12 (From October 1, 2011 to December 31, 2012)	FY12/13 (From January 1, 2013 to December 31, 2013)
Buildings	5 million yen	1 million yen
Tools, furniture and fixtures	—	0 million yen
Total	5 million yen	2 million yen

(Notes on Changes in Statement of Shareholders' Equity)

Accounting period for the previous fiscal year (From October 1, 2011 to December 31, 2012)

1. Matters concerning the type and the number of treasury stock

	Number of shares at the beginning of the current fiscal year	Increase in the number of shares during the fiscal year	Decrease in the number of shares during the fiscal year	Number of shares at the end of the fiscal year
Treasury stock Common stock (shares)	11,100	—	—	11,100
Total	11,100	—	—	11,100

Accounting period for the current fiscal year (From January 1, 2013 to December 31, 2013)

1. Matters concerning the type and the number of treasury stock

	Number of shares at the beginning of the current fiscal year	Increase in the number of shares during the fiscal year	Decrease in the number of shares during the fiscal year	Number of shares at the end of the fiscal year
Treasury stock Common stock (shares)	11,100	1,098,900	1,110,000	—
Total	11,100	1,098,900	1,110,000	—

(Summary of increases)

The increase in the number of common shares of treasury stock was due to the split of common shares at a ratio of 100 to one share.

(Summary of decreases)

The decrease in the number of common shares of treasury stock was due to the retirement of treasury stock, which was decided upon at a board of directors meeting.

(Notes on Marketable securities)

There are no subsidiary stocks or affiliate stocks with market value.

(Note) Balance sheet amounts for stocks of subsidiaries and affiliates for which the assessment of market value is recognized as being extremely difficult. (Millions of yen)

Classification	FY12/12 end (December 31, 2012)	FY12/13 end (December 31, 2013)
(1) Subsidiary stocks	1,641	1,552
(2) Affiliate stocks	117	91
Total	1,758	1,643

There is no market price for the items listed above. Therefore, it is extremely difficult to assess the market value of the items.

(Notes on tax-effect accounting)

1. Details of deferred tax assets and liabilities, by major causal factors

(Millions of yen)

	FY 12/12 end (December 31, 2012)	FY12/13 end (December 31, 2013)
Deferred tax assets		
Loss on revaluation of shares in affiliates	583	567
Loss carried forward	1,323	1,252
Loss from revaluation of investments in securities	28	28
Other	16	37
Subtotal of deferred tax assets	1,950	1,883
Valuation reserve	(1,950)	(1,883)
Total deferred tax assets	—	—
Deferred Tax Liabilities		
Other	(6)	(6)
Total of deferred tax liabilities	(6)	(6)
Net value of deferred tax liabilities	(6)	(6)

2. Details of differences between effective tax rate and burden rate for income tax after tax-effect accounting is applied, by major causal items

	FY 12/12 end (December 31, 2012)	FY12/13 end (December 31, 2013)
Effective tax rate	38.0 %	38.0 %
(Adjusted)		
Disallowable expenses	0.3	0.4
Dividends received	(22.3)	(34.1)
Per-capita residential tax	0.3	0.4
Loss carried forward	(0.8)	3.6
Valuation reserve	(15.3)	(7.0)
Other	(0.1)	0.0
Burden rate for income tax after tax-effect accounting is applied	0.1 %	1.3 %

(Regarding Asset retirement obligations)

Asset retirement obligations recorded in the balance sheet

(1) Overview of the asset retirement obligations

Restoration obligation under the real estate rental agreement regarding the head office property, etc

(2) Calculation of the amount of asset retirement obligations

The amount of asset retirement obligations is calculated using a 0.3% discount rate, with estimated period of 6 years.

(3) Increase (decrease) in total asset retirement obligations

(Millions of yen)

	FY 12/12 end (From October 1, 2011 to December 31, 2012)	FY12/13 end (From January 1, 2013 to December 31, 2013)
Balance at beginning of the period	20	20
Adjustment for lapse of time	0	0
Balance at the end of current period	20	20

Per share information

FY 12/12 end (From October 1, 2011 to December 31, 2012)		FY12/13 end (From January 1, 2013 to December 31, 2013)	
Net assets per share:	66.22 yen	Net assets per share:	101.33 yen
Net income per share:	30.98 yen	Net income per share:	35.09 yen

Notes: 1. Diluted net income per share for the fiscal year is not reported since there is no outstanding latent stock.

2. The Company, based upon the decisions at the board of directors meeting held on May 24, 2013, split common shares at a ratio of 100 to one share with the effective date of July 1, 2013. Accordingly, for the purpose of calculating net assets and net income per share, it is assumed that the stock split was implemented at the beginning of the previous fiscal year.

3. The basis for calculating net income per share in the fiscal year under review is as follows.

Item	FY 12/12 end (From October 1, 2011 to December 31, 2012)	FY12/13 end (From January 1, 2013 to December 31, 2013)
Net income (millions of yen)	1,192	1.350
Net income (basic) (millions of yen)	1,192	1,350
Net income not available to common stock (millions of yen)	—	—
Average number of common stock outstanding during the period (shares)	38,486,400	38,486,400

Major subsequent events

There are no applicable items.

2) Statement schedule

Schedule of marketable securities

Shares

Brand	Number of shares (shares)	Balance sheet amount (millions of yen)
(Investment securities)		
(Other securities)		
Race Inc.	570	20
Saint-Care Holding Corporation	12,000	16
HS Assist Co., Ltd.	67	10
Toyoda Sankyo Co., Ltd.	35	5
Last Resort, Inc.	480	1
e-LogiT Co., Ltd.	50	1
Gridmark Inc.	60	0
Total	13,262	52

Schedule of property, plant and equipment

Type of asset	Balance at beginning of current year (millions of yen)	Increase during current year (millions of yen)	Decrease during current year (millions of yen)	Balance at end of current year (millions of yen)	Accumulated depreciation or amortization at end of current year (millions of yen)	Amortization during current year (millions of yen)	Balance due at end of current year (millions of yen)
Property, plant and equipment							
Buildings	98	7	2	103	47	13	56
Tools, furniture and fixtures	151	11	1	161	93	40	68
Construction in progress	—	1	—	1	—	—	1
Total property, plant and equipment	249	18	2	264	140	53	124
Intangible assets							
Software	287	200	—	487	182	94	306
Software in progress	171	7	178	—	—	—	—
Other	8	—	—	8	6	1	2
Total intangible assets	466	207	178	495	188	95	308
Long-term prepaid expenses	3	—	3	0	—	—	0

Notes: 1. Major details included among increase during the current year are as follows.

Software: 152 million yen, increase due to the upgrading of in-house portals
22 million yen, increase due to new purchases arising from system changes

2. Major details included among decrease during the current year are as follows.

Software in progress: 178 million yen, decrease due to transfer to software

Schedule of allowances

Classification	Balance at beginning of current year (millions of yen)	Increase during current year (millions of yen)	Decrease during current year (Purpose of use) (millions of yen)	Decrease during current year (Other) (millions of yen)	Balance at end of current year (millions of yen)
Allowance for doubtful accounts (current assets)	3	44	—	3	44
Allowance for doubtful accounts (noncurrent assets)	1	—	—	—	1

Note: Details for “Allowance for doubtful accounts (current assets) under decrease during current year (other)” indicate reversal due to latency.

(2) Details of major assets and liabilities

a. Assets section

i. Cash and deposits

Classification	Amount (millions of yen)
Cash	0
Type of deposit Current deposit Ordinary deposit	 0 2,264
Subtotal	2,264
Total	2,264

ii. Supplies

Classification	Amount (millions of yen)
Printed materials	5
Personal computers	4
Other	0
Total	9

i. Accounts receivable-other

Counterparty	Amount (millions of yen)
Fullcast Co., Ltd.	315
Top Spot Co., Ltd.	37
Fullcast Advance Co., Ltd.	34
OtetsudaiNetworks, Inc.	2
Fullcast Business Support Co., Ltd.	1
Total	389

iv. Stocks of subsidiaries and affiliates

Stock	Amount (millions of yen)
Fullcast Co., Ltd.	1,097
Fullcast Advance Co., Ltd.	280
Top Spot Co., Ltd.	166
FPLAIN CO., LTD.	91
Fullcast Business Support Co., Ltd.	9
OtetsudaiNetworks, Inc.	0
Total	1,643

b. Liabilities section

i. Short-term loans payable

Lender	Amount (millions of yen)
Mizuho Bank, Ltd.	449
Sumitomo Mitsui Banking Corporation	189
The Bank of Yokohama, Ltd.	182
Sumitomo Mitsui Trust Bank, Limited	180
Total	1,000

(3) Other

There are no applicable items.

Part 6 Overview of the Shares of Company Affairs

Business year	From January 1 to December 31
Annual general meeting of shareholders	During March
Record date	December 31
Record date for dividends of surplus	June 30, December 31
Number of shares per unit	100 shares
Purchase of odd-lot shares Handling position	(Special account) Stock Transfer Agency Business Planning Dept. Sumitomo Mitsui Trust Bank, Limited 1-4-1, Marunouchi, Chiyoda-ku, Tokyo
Administrator of shareholder registry	(Special account) Sumitomo Mitsui Trust Bank, Limited 1-4-1, Marunouchi, Chiyoda-ku, Tokyo
Agency office	—
Negotiation commission	Amount separately determined as stock brokerage commissions
Public announcement method	Announcements by our Company are made through electronic announcements. However, where it is not possible to make announcements through electronic announcements, or where other unavoidable circumstances arise, we list announcements in Nihon Keizai Shimbun. Details about electronic announcements are contained on our homepage (http://www.fullcastholdings.co.jp).
Benefits to shareholders	N/A

Note: Shareholders of the Company who hold shares in a number less than one unit may not exercise rights other than the following in relation to the shares they hold in a number less than one unit.

- The rights stipulated in each item of Paragraph 2, Article 189 of the Companies Act
- The right to make a request in accordance with the provisions of Paragraph 1, Article 166 of the Companies Act
- The right to receive the allotment of shares for subscription and the allotment of share option in accordance with the number of shares held by the shareholder

Part 7 Reference Information on Submitting Companies

1. Information on parent companies of submitting companies

The Company does not have any parent companies

2. Other reference information

In the period from the start of the 21st business year until the submission date for annual securities reports, the following documents have been submitted.

(1) Annual securities report, attached documents and confirmation notes

Business year: Term 20 (from October 1, 2011 to December 31, 2012), submitted to the Director General of the Kanto Regional Financial Bureau on March 29, 2013

(2) Internal control report and attached documents

Submitted to the Director General of the Kanto Regional Financial Bureau on March 29, 2013

(3) Quarterly reports and confirmation notes

Term 21, first quarter (from January 1, 2013 to March 31, 2013): submitted to the Director General of the Kanto Regional Financial Bureau on May 15, 2013

Term 21, second quarter (from April 1, 2013 to June 30, 2013): submitted to the Director General of the Kanto Regional Financial Bureau on August 14, 2013

Term 21, third quarter (from July 1, 2013 to September 30, 2013): submitted to the Director General of the Kanto Regional Financial Bureau on November 14, 2013

(4) Correction reports of quarterly reports and confirmation notes

Term 21, first quarter (from January 1, 2013 to March 31, 2013): submitted to the Director General of the Kanto Regional Financial Bureau on August 21, 2013.

(5) Extraordinary report

Extraordinary report pursuant to the provisions of Paragraph 2, Item 9-2 of Article 19 of the Cabinet Office Ordinance on Disclosure of Corporate Information, etc. (Results of exercise of voting rights at the annual general meeting of shareholders): submitted to the Director General of the Kanto Regional Financial Bureau on April 1, 2013.

Extraordinary report pursuant to the provisions of Paragraph 2, Item 9 of Article 19 of the Cabinet Office Ordinance on Disclosure of Corporate Information, etc. (Change of representative director): submitted to the Director General of the Kanto Regional Financial Bureau on December 20, 2013.

Section 2 Information on Guaranty Companies of Submitting Companies

There are no applicable items.