



August 8, 2014

Consolidated Financial Results Announcement for the First Half of the Fiscal Year Ending December 2014 [Japanese Standards] (Consolidated)

Company name: Fullcast Holdings Co., Ltd.
 Stock exchange listing: First Section of the Tokyo Stock Exchange
 Stock code: 4848
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 Date of submission of quarterly report (Planned): August 13, 2014
 Date of commencements of dividend payments (Planned): -
 Preparation of supplementary references regarding financial results: Yes (Shown on our homepage)
 Briefing for quarterly results: Yes (For institutional investors and security analysts)

(Figures are rounded to the nearest million yen)

1. Consolidated Financial Results for the First Half of the Fiscal Year Ending December 31, 2014 (January 1, 2014 – June 30, 2014)

(1) Consolidated business results

(% = year-over-year change)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
(1H FY12/14) June 30, 2014	9,432	15.7	666	—	706	650.7	556	329.6
(1H FY12/13) June 30, 2013	8,154	—	-27	—	94	—	129	—

(Note) 1. Comprehensive income:

As of June 30, 2014: 555 million yen (217.6%) As of June 30, 2013: 175 million yen (—%)

2. Because the fiscal year end has been changed (from September 30 to December 31), the fiscal year ended December 31, 2012 was an irregular period covering 15 months from October 1, 2011 to December 31, 2012. Therefore, comparisons to the same quarter in the previous year are not shown for the fiscal year ended December 31, 2013.

	Net income per share	Diluted net income per share
	Yen	Yen
(1H FY12/14) June 30, 2014	14.43	-
(1H FY12/13) June 30, 2013	3.36	-

(Note) The Company split common shares at a ratio of 100 to one share on July 1, 2013. For the purpose of calculating net income per share, it is assumed that the stock split was performed at the beginning of the fiscal year ended December 31, 2013.

(2) Consolidated financial conditions

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
(End 1H FY12/14) June 30, 2014	8,852	5,900	66.7
(End FY12/13) December 31, 2013	8,605	5,884	68.4

(Reference) Equity: As of June 30, 2014: 5,900 million yen As of December 31, 2013: 5,884 million yen

2. Dividend Status

	Dividend per share (yen)				
	End of 1Q	End of 2Q	End of 3Q	End of FY	Annual
(FY12/13) Fiscal year ended December 2013	—	0.00	—	14.00	14.00
(FY12/14) Fiscal year ending December 2014	—	0.00			
(FY12/14) Fiscal year ending December 2014 (forecast)			—	—	—

(Note) 1. Revision of the expected dividends in the second quarter under review: Yes

2. The forecast amount of the final dividend for the fiscal year ending in December 2014 has yet to be determined.

3. Consolidated Business Forecast for the Fiscal Year Ending December 31, 2014 (January 1, 2014 – December 31, 2014)

(Comparisons (%) are made against the corresponding period in the previous year.)

	Operating income	
	Million yen	%
Full year	1,366-1,469	304.2-334.8

(Note) 1. Revision of the consolidated business forecast in the second quarter under review: Yes

2. For the revisions to the consolidated business forecasts, please refer to the “Notice of the Divergence between Business Forecast and Results for the First Half of the Fiscal Year Ending December 2014, Revision to Full-Year Business Forecasts, and Postponement of Dividend of Surplus (Interim Dividend)” published on August 8, 2014.

* Notes

(1) Important changes of subsidiaries during the current first half period: None

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

(2) Application of special accounting treatment to the production of quarterly consolidated financial statements: None

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

1) Changes in accounting policy associated with the revision of accounting principles, others: None

2) Change in accounting policy other than mentioned in 1) above: None

3) Changes in accounting estimates: None

4) Re-presentation of changes: None

(4) Number of shares issued (common stock)

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

2Q FY12/14	38,486,400	FY12/13	38,486,400
2Q FY12/14	—	FY12/13	—
2Q FY12/14	38,486,400	2Q FY12/13	38,486,400

2) Number of treasury stock at the term end

3) Average number of shares outstanding
during the term under review

(Note) The Company split common shares at a ratio of 100 to one share on July 1, 2013. For the purpose of calculating the number of shares above, it is assumed that the stock split was done at the beginning of the fiscal year ended December 31, 2013.

* Presentation concerning implementation status of quarterly review procedures

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

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

Of all plans, business forecast, strategies and other information provided within this document, those which are not historical facts are future outlooks based upon certain conditions and our management’s judgments based upon currently available data. Therefore, we warn against relying solely upon these outlooks in assessing our business results, corporate value and other factors. Please also be informed that actual financial results may vary widely from our business forecast due to various factors. Important factors that may have an impact upon our actual financial results include: (1) the economic and financial conditions surrounding our Company and changes in the employment situation, (2) damages to infrastructure arising from disasters including earthquakes, and (3) changes in the relevant laws, including the Labor Standards Act and the Worker Dispatching Act, and in interpretations of these Acts. However, the factors that affect our financial results are not limited to only these. Furthermore, please note that we may choose not to reexamine our business forecasts in response to new data, future events or other factors. For assumptions underlying our business forecasts and related issues, please refer to Page 4 “1-(3) Qualitative Information Concerning Consolidated Business Forecasts” of the “Appendix.”

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1. Qualitative Information Concerning Performance for the Current Quarter

(1) Qualitative Information Concerning Consolidated Operating Results

During the first half under review, the Japanese economy continued to gradually recover due to improvements in corporate earnings, increases in capital investments, steady improvements in the employment situation supported by continued weakness in the yen and higher stock prices, and despite weakness in personal consumption and manufacturing activities in the wake of the surge in demand before the hike in the consumption tax. Going forward, the economy is expected to continue to gradually recover as effects of various policy measures surface. And while the weakness in the wake of the rush to buy before the consumption tax hike remains, it is expected to gradually abate. At the same time, uncertainties remain on the economic horizon, as slowing growth in overseas economies could negatively impact the Japanese economy.

With regard to the operating environment surrounding human resources services, the job offers-to-applicants ratio continued to steadily rise due to the still increasing trend of new job offers, and unemployment rates stayed on the track of gradual decline overall. In the future, the environment is expected to steadily improve along with the economic recovery.

Against this backdrop, the Fullcast Group in the first half under review endeavored to establish a system which can continue to improve earnings by implementing group management with the goal of further expansion of new services as well as by avoiding opportunity loss in the short-term operational support business through continued marketing activities, which focused on promoting customers understanding for new “part-time worker placement” and “part-time worker payroll management” services, and securing job seekers.

We recorded net sales of 9,432 million yen (up by 15.7% year on year), mainly due to the successful continued marketing activities in the short-term operational support business focusing on promoting customer understanding of new services (“part-time worker placement” and “part-time worker payroll management” services).

In terms of profits, gross profit increased by 27.9% year on year, due to an improvement in gross profit margin of 3.3%. This was because new services, which were fee businesses without costs, expanded year on year. This increase in gross profit was the main reason for the increased operating income. Furthermore, we recorded consolidated operating income of 666 million yen (compared to the loss of 27 million yen in the same period of the previous year), partly owing to the restraint by 4.0% of the ratio of selling, general and administrative expenses through the continued company-wide efforts to improve productivity. At the same time, consolidated ordinary income was 706 million yen (up by 650.7% year on year), mainly because of the increased gross profit generated by the expansion of new services year on year.

Net income for the first half under review was 556 million yen (up by 329.6% year on year) for the same reasons as the consolidated ordinary income.

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

1) Short-term operational support business

We recorded net sales of 8,535 million yen (up by 17.5% year on year) due to the successful continued marketing activities focusing on promoting customer understanding of new “part-time worker placement” and “part-time worker payroll management” services, as with the consolidated results.

Regarding profits, we recorded operating income of 942 million yen (up by 321.2% year on year) due to an increase

Fullcast Holdings Co., Ltd. (4848) Financial Statement and Results for the First Half of the Term Ending December 2014 in gross profit caused by the expansion of new services year on year (up by 30.4% year on year), as was the case on a consolidated basis.

2) Security business

Net sales increased to 897 million yen (up by 0.6% year on year) for the same reason as the first quarter, namely, the increased orders received from major customers. On the other hand, operating income declined by 16 million yen from the same period of the previous year to 31 million yen (down 33.8% year on year) due to a decrease in gross profit margin caused by lower profitability of major projects which increased orders received.

(2) Qualitative Information Concerning Consolidated Financial Position

1) Assets, liabilities and net assets

At the end of this second quarter, total assets increased by 247 million yen from the end of the previous fiscal year to 8,852 million yen. Equity increased by 17 million yen, to 5,900 million yen (Equity ratio of 66.7%), and net assets rose by 17 million yen, to 5,900 million yen.

Details of major changes in assets and liabilities are described as follows.

With regard to assets, current assets increased by 199 million yen from the end of the previous fiscal year to 7,539 million yen. This was mainly because cash and deposits increased by 285 million yen to 5,048 million yen, and notes and accounts receivable-trade increased by 55 million yen to 2,281 million yen. At the same time, other current assets decreased by 172 million yen to 203 million yen mainly due to the decrease in accounts receivable-other by 226 million yen to 26 million yen.

Noncurrent assets increased by 48 million yen from the end of the previous fiscal year to 1,313 million yen. This was mainly because other in investments and other assets increased by 61 million yen to 807 million yen primarily due to the increase of investment securities by 44 million yen to 469 million yen, and of lease deposits by 23 million yen to 247 million yen. At the same time, other in intangible assets declined by 15 million yen to 314 million yen mainly because software declined by 26 million yen to 280 million yen.

With regard to liabilities, current liabilities increased by 219 million yen from the end of the previous fiscal year to 2,570 million yen. This was mainly because accounts payable-other increased by 193 million yen to 754 million yen, and income taxes payable increased by 71 million yen to 153 million yen. At the same time, other in current liabilities decreased by 64 million yen to 95 million yen primarily because deposits received for social insurance premiums decreased by 79 million yen to 16 million yen.

Noncurrent liabilities increased by 11 million yen from the end of the previous fiscal year to 382 million yen, mainly due to an increase in provisions for retirement benefits of 12 million yen to 326 million yen.

2) Cash Flows

Outstanding cash and cash equivalents (hereinafter referred to as “funds”) increased by 285 million yen from the end of the previous fiscal year to 5,048 million yen at the end of the current first half.

(Net cash from operating activities)

Funds provided by operating activities were 852 million yen (169 million yen for the previous consolidated first half), due mostly to income before income taxes and minority interests of 705 million yen, depreciation and amortization of 78 million yen, an increase in accrued consumption taxes of 137 million yen, and an income tax refund of 242 million yen, while share of profit of entities accounted for using equity method of 44 million yen, an increase in notes and accounts receivable-trade of 59 million yen, income taxes paid of 79 million yen, and a decrease of other, net in net cash provided by operating activities of 132 million yen.

(Net cash from investing activities)

Funds used in investing activities were 32 million yen (compared to those provided for the first half of the previous year of 40 million yen), mainly because the purchase of intangible assets amounted to 24 million yen.

(Net cash from financing activities)

Funds used in financing activities were 534 million yen (funds provided for the first half of the previous year were zero yen) due to cash dividends paid of 534 million yen.

(3) Qualitative Information Concerning Consolidated Business Forecasts

As stated in the “Notice of the Divergence between Business Forecast and Results for the First Half of the Fiscal Year Ending December 2014, Revision to Full-Year Business Forecasts, and Postponement of Dividend of Surplus (Interim Dividend)” announced on August 8, 2014, the actual results for the first half of the fiscal year ending December 2014 were 71.2–44.5% higher than the Revised Business Forecasts for the first half of the Fiscal Year Ending December 2014 disclosed on May 9, 2014 (consolidated operating income of range of 389–461 million yen), which included factors such as a drop in consumption due to the rush to buy before the hike in consumption tax, due to successful marketing activities focused on promoting customer understanding of new “part-time worker placement” and “part-time payroll management” services.

Moreover, since we have achieved a certain result during the first half under review for the “expansion of new services,” we made an upward revision to 1,366–1,469 million yen from the business forecasts at the start of the fiscal year disclosed on February 14, 2014 (consolidated operating income of 705–851 million yen), because we judged that, with the business challenge of “further expansion of new services,” a basic trend similar to that in the first half of the fiscal year under review could be maintained after the third quarter as well.

2. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheet

	(Million yen)	
	FY12/13 end (December 31, 2013)	2Q FY12/14 end (June 30, 2014)
ASSETS		
Current assets		
Cash and deposits	4,763	5,048
Notes and accounts receivable-trade	2,226	2,281
Merchandise	3	14
Supplies	17	17
Other	374	203
Allowance for doubtful accounts	-43	-24
Total current assets	7,340	7,539
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	120	124
Tools, furniture and fixtures, net	110	103
Other, net	1	10
Total property, plant and equipment	231	237
Intangible assets		
Other	329	314
Total intangible assets	329	314
Investments and other assets		
Other	746	807
Allowance for doubtful accounts	-41	-45
Total investments and other assets	705	762
Total noncurrent assets	1,265	1,313
Total assets	8,605	8,852

	(Million yen)	
	FY12/13 end (December 31, 2013)	2Q FY12/14 end (June 30, 2014)
<u>LIABILITIES</u>		
Current liabilities		
Notes and accounts payable-trade	6	34
Short-term loans payable	1,000	1,000
Accounts payable-other	561	754
Accrued expenses	543	534
Income taxes payable	82	153
Other	159	95
Total current liabilities	2,351	2,570
Noncurrent liabilities		
Provision for retirement benefits	314	326
Other	56	56
Total noncurrent liabilities	370	382
Total liabilities	2,721	2,951
<u>NET ASSETS</u>		
Shareholders' equity		
Capital stock	2,780	2,780
Capital surplus	2,006	2,006
Retained earnings	1,089	1,106
Total shareholders' equity	5,875	5,892
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	9	9
Total accumulated other comprehensive income	9	9
Total net assets	5,884	5,900
Total liabilities and net assets	8,605	8,852

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

	(Million yen)	
	1H FY12/13 (From January 1, 2013 To June 30, 2013)	1H FY12/14 (From January 1, 2014 To June 30, 2014)
Net sales	8,154	9,432
Cost of sales	5,578	6,137
Gross profit	2,576	3,295
Selling, general and administrative expenses	2,603	2,629
Operating income or loss (-)	-27	666
Non-operating income		
Dividends income	1	1
Share of profit of entities accounted for using equity method	107	44
Reversal of accounts payable	12	7
Other	18	8
Total non-operating income	137	60
Non-operating expenses		
Interest expenses	4	4
Damage compensation expenses	6	3
Settlement package	—	8
Other	6	5
Total non-operating expenses	16	19
Ordinary income or loss (-)	94	706
Extraordinary income		
Gain on sales of investment securities	59	—
Gain on change in equity	69	—
Other	0	0
Total extraordinary income	128	0
Extraordinary loss		
Loss on sales of investment securities	1	—
Impairment loss	81	—
Other	2	1
Total extraordinary losses	85	1
Income before income taxes and minority interests	138	705
Income taxes-current	33	149
Income taxes-deferred	-25	0
Total income taxes	9	150
Income before minority interests	129	556
Net income	129	556

Quarterly Consolidated Comprehensive Income Statement**[First Half of the Current Consolidated Fiscal Year]**

	(Million yen)	
	1H FY12/13 (From January 1, 2013 To June 30, 2013)	1H FY12/14 (From January 1, 2014 To June 30, 2014)
Income before minority interests	129	556
Other comprehensive income		
Valuation difference on available-for-sale securities	2	1
Share of other comprehensive income of associates accounted for using equity method	44	-1
Total other comprehensive income	46	-0
Comprehensive income	175	555
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	175	555
Comprehensive income attributable to minority interests	—	—

(3) Quarterly Consolidated Cash Flow Statements

	(Million yen)	
	1H FY12/13 (From January 1, 2013 To June 30, 2013)	1H FY12/14 (From January 1, 2014 To June 30, 2014)
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	138	705
Depreciation and amortization	99	78
Amortization of goodwill	6	—
Impairment loss	81	—
Loss (gain) on sales of investment securities	-58	—
Share of (profit) loss of entities accounted for using equity method	-107	-44
Loss (gain) on change in equity	-69	—
Increase (decrease) in allowance for doubtful accounts	-3	-16
Increase (decrease) in provision for bonuses	-21	0
Increase (decrease) in provision for retirement benefits	23	12
Interest and dividends income	-1	-1
Interest expenses	4	4
Decrease (increase) in notes and accounts receivable - trade	253	-59
Decrease (increase) in inventories	-15	-13
Increase (decrease) in notes and accounts payable - trade	-53	45
Decrease (increase) in accounts receivable - other	-12	-16
Increase (decrease) in accrued expenses	16	-8
Increase (decrease) in accrued consumption taxes	-54	137
Other, net	68	-132
Subtotal	297	691
Interest and dividends income received	2	1
Interest expenses paid	-4	-4
Income taxes paid	-265	-79
Income taxes refund	140	242
Net cash provided by (used in) operating activities	169	852
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	-24	-8
Purchase of intangible assets	-207	-24
Collection of loans receivable	195	—
Proceeds from sales of investment securities	77	—
Other, net	-1	-0
Net cash provided by (used in) investing activities	40	-32
Net cash provided by (used in) financing activities		
Cash dividends paid	—	-534
Net cash provided by (used in) financing activities	—	-534
Net increase (decrease) in cash and cash equivalents	210	285
Cash and cash equivalents at beginning of period	4,152	4,763
Cash and cash equivalents at end of period	4,362	5,048

(4) Notes on Quarterly Consolidated Financial Statements

(Concerning Notes About Going Concern Assumption)

Not applicable.

(Concerning Significant Change of Shareholders' Equity)

Not applicable.

(Segment Information and Others)

First Half of the Previous Fiscal Year

(From January 1, 2013 to June 30, 2013)

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

(Million yen)

	Reporting Segment		Total	Adjustment amount *1	Quarterly consolidated profit and loss statement amount*2
	Short-term operational support business	Security business			
Net sales					
Sales to external customers	7,262	892	8,154	—	8,154
Inter-segment sales or transfers	1	—	1	-1	—
Total	7,264	892	8,155	-1	8,154
Segment income or loss (-)	224	47	271	-298	-27

(Notes) 1. 0 million yen in intersegment eliminations and -298 million yen in company-wide expenses not allocated to any reporting segment are included in the -298 million yen segment income adjustment amount. Company-wide expenses are mainly general administrative expenses that do not belong to any reporting segment.

2. Segment income or loss (-) is adjusted with operating loss as listed in quarterly consolidated profit and loss statement.

2. Information Concerning Impairment Loss of Noncurrent Assets or Goodwill etc. for Each Reporting Segment

(Impairment loss of noncurrent assets)

In the “short-term operational support business,” impairment loss of noncurrent assets is recorded. Please note that the recorded amount of impairment loss in the first half under review is 81 million yen (of which impairment loss of goodwill is 43 million yen).

First Half of the Current Fiscal Year

(From January 1, 2014 to June 30, 2014)

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

(Million yen)

	Reporting Segment		Total	Adjustment amount *1	Quarterly consolidated profit and loss statement amount*2
	Short-term operational support business	Security business			
Net sales					
Sales to external customers	8,535	897	9,432	—	9,432
Inter-segment sales or transfers	0	—	0	-0	—
Total	8,535	897	9,432	-0	9,432
Segment income or loss (-)	942	31	973	-307	666

(Notes) 1. 1 million yen in intersegment eliminations and -308 million yen in company-wide expenses not allocated to any reporting segment are included in the -307 million yen segment income adjustment amount. Company-wide expenses are mainly general administrative expenses that do not belong to any reporting segment.

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