



November 7, 2014

Consolidated Financial Results Announcement for the Aggregate Third Quarter of the Fiscal Year Ending December 2014 [Japanese Standards] (Consolidated)

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 Stock exchange listing: First Section of the Tokyo Stock Exchange
 Stock code: 4848
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 Date of submission of quarterly report (Planned): November 12, 2014
 Date of commencements of dividend payments (Planned): -
 Preparation of supplementary references regarding financial results: Yes (Shown on our homepage)
 Briefing for quarterly results: No

(Figures are rounded to the nearest million yen)

1. Consolidated Financial Results for the Aggregate Third Quarter of the Fiscal Year Ending December 31, 2014 (January 1, 2014 – September 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	%
(Aggregate 3Q FY12/14) September 30, 2014	14,614	15.5	1,073	935.4	1,107	253.7	822	152.0
(Aggregate 3Q FY12/13) September 30, 2013	12,649	—	104	—	313	—	326	—

(Note) 1. Comprehensive income:

As of September 30, 2014: 823 million yen (141.4 %) As of September 30, 2013: 341 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	
(Aggregate 3Q FY12/14) September 30, 2014	21.36		—	
(Aggregate 3Q FY12/13) September 30, 2013	8.47		—	

(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 3Q FY12/14) September 30, 2014	9,445	6,168	65.3
(End FY12/13) December 31, 2013	8,605	5,884	68.4

(Reference) Equity: As of September 30, 2014: 6,168 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 third quarter under review: None

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 forecasts in the third quarter under review: None

* Notes

(1) Important changes of subsidiaries during the current aggregated third quarter 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)

3Q FY12/14	38,486,400	FY12/13	38,486,400
2) Number of treasury stock at the term end		FY12/13	–
3Q FY12/14	–		
3) Average number of shares outstanding during the term under review	38,486,400	3Q 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 3 "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 aggregate third quarter under review, the Japanese economy continued to gradually recover due to the positive impact of the Government's economic stimulus measures, the Bank of Japan's monetary policies, and steady improvements in the employment environment. However, some weaknesses were also observed, including a pause in the recovery of private consumption and in improvements of corporate earnings due to recent weakening capital of investment activities. Going forward, the economy is expected to continue to gradually recover on the back of various economic stimulus measures and on continued improvements in the employment and income conditions. At the same time, uncertainties continue to cloud the economic horizon as the prolonged weakness in consumption following the rush to buy before the consumption tax hike and slowing growth in overseas economies could negatively impact the Japanese economy.

With regards to the operating environment surrounding human resources services, the job offers-to-applicants ratio remained at a high level and unemployment rates continued to gradually decline. In the future, the environment is expected to continue to steadily improve.

Against this backdrop, the Fullcast Group in the aggregate third quarter under review implemented group management activities to further expand our new services, including marketing activities that focus upon promotion of customer understanding for new "part-time worker placement" and "part-time worker payroll management" services in the short-term operational support business.

In addition, we endeavored to establish a system to improve earnings by securing job seekers during seasonally busy times through the opening of worker registration centers and marketing offices. These activities are also part of our efforts to avoid opportunity losses and to strengthen our marketing capability.

Consequent to these conditions, we recorded net sales of 14,614 million yen (up by 15.5% year on year) due in part to the continuation of the earnings growth trend seen during the first half of the current fiscal year, as well as expansion in new services ("part-time worker placement" and "part-time worker payroll management" services).

In terms of profits, gross income increased by 24.1% year on year due to an improvement in gross income margin of 2.4%. This was because new services, which were fee businesses without costs, expanded year on year.

This increase in gross profit was the main reason behind the higher operating income of 1,073 million yen (up by 935.4% year on year), ordinary income of 1,107 million yen (up by 253.7% year on year) and net income of 822 million yen (up by 152.0% year on year). This strong performance in income is also attributed to our ability to restrain selling, general and administrative margin to 4.1% by steadily improving productivity with regards to personnel, achieving increases in other areas of operational efficiency and despite increases in recruitment expenses year on year to avoid opportunity losses at the busy time.

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

1) Short-term operational support business

We recorded net sales of 13,272 million yen (up by 17.3% year on year), due in part to the continuation of the earnings growth trend seen during the first half of the current fiscal year, as well as expansion in new "part-time worker placement" and "part-time worker payroll management" services as with the consolidated result. With

Fullcast Holdings Co., Ltd. (4848) Financial Statement and Results for the Aggregate Third Quarter of the Term Ending December 2014 regards to profits, we recorded operating income of 1,457 million yen (up by 207.1% year on year) due to an increase in gross income derived from an expansion in new services (up by 26.2% year on year) and from successful efforts to restrain selling, general and administrative ratio to 4.2%.

2) Security business

We were able to maintain a slight increase in net sales to 1,342 million yen (up by 0.6% year on year) by supplementing the lower sales of the manned long-term security business year on year with the higher sales of the temporary security business. In terms of profits, operating income declined by 23 million yen from the same period of the previous year to 52 million yen (down 31.0% year on year) because the deterioration in gross income ratio arising from lower profitability of large projects during the first half could not be offset by the higher profitability temporary security business in the aggregate third quarter and despite a temporary improvement in gross margins on the back of booking of ad hoc orders.

(2) Qualitative Information Concerning Consolidated Financial Position

1) Assets, liabilities and net assets

At the end of the third quarter, total assets increased by 840 million yen from the end of the previous fiscal year to 9,445 million yen. Equity increased by 285 to 6,168 million yen (Equity ratio of 65.3%), and net assets rose by 285 to 6,168 million yen.

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

With regard to assets, current assets increased by 772 million yen from the end of the previous fiscal year to 8,112 million yen. This increase was due mainly to increases in cash and deposits of 660 to 5,423 million yen, and in notes and accounts receivable-trade of 235 to 2,462 million yen. At the same time, other current assets decreased by 149 to 225 million yen due mainly to a decline in accounts receivable-other of 214 to 38 million yen.

Noncurrent assets increased by 68 million yen from the end of the previous fiscal year to 1,333 million yen, due to increases in investments and other assets of 63 to 809 million yen resulting from a rise in investment securities of 39 to 464 million yen and growth in lease deposits of 33 to 258 million yen.

With regard to liabilities, current liabilities increased by 536 million yen from the end of the previous fiscal year to 2,886 million yen. This increase is attributed to rises in accounts payable-other of 348 to 909 million yen and in income taxes payable of 170 to 252 million yen.

Noncurrent liabilities increased by 20 million yen from the end of the previous fiscal year to 390 million yen, due mainly to an increase in provisions for retirement benefits of 20 to 334 million yen.

(3) Qualitative Information Concerning Consolidated Business Forecasts

Regarding our full-year business forecasts for the fiscal year ending December 2014, the actual results for the aggregate third quarter under review remained within expectations overall, and we have decided to maintain our revised full year business forecasts announced on August 8, 2014.

2. Quarterly Consolidated Financial Statements**(1) Quarterly Consolidated Balance Sheet**

(Million yen)

	FY12/13 end (December 31, 2013)	3Q FY12/14 end (September 30, 2014)
ASSETS		
Current assets		
Cash and deposits	4,763	5,423
Notes and accounts receivable-trade	2,226	2,462
Merchandise	3	9
Supplies	17	19
Other	374	225
Allowance for doubtful accounts	-43	-26
Total current assets	7,340	8,112
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	120	122
Tools, furniture and fixtures, net	110	125
Other, net	1	2
Total property, plant and equipment	231	249
Intangible assets		
Other	329	317
Total intangible assets	329	317
Investments and other assets		
Other	746	809
Allowance for doubtful accounts	-41	-41
Total investments and other assets	705	768
Total noncurrent assets	1,265	1,333
Total assets	8,605	9,445

	(Million yen)	
	FY12/13 end (December 31, 2013)	3Q FY12/14 end (September 30, 2014)
<u>LIABILITIES</u>		
Current liabilities		
Notes and accounts payable-trade	6	48
Short-term loans payable	1,000	1,000
Accounts payable-other	561	909
Accrued expenses	543	536
Income taxes payable	82	252
Provision for bonuses	1	64
Other	158	78
Total current liabilities	2,351	2,886
Noncurrent liabilities		
Provision for retirement benefits	314	334
Other	56	56
Total noncurrent liabilities	370	390
Total liabilities	2,721	3,276
<u>NET ASSETS</u>		
Shareholders' equity		
Capital stock	2,780	2,780
Capital surplus	2,006	2,006
Retained earnings	1,089	1,372
Total shareholders' equity	5,875	6,158
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	9	10
Total accumulated other comprehensive income	9	10
Total net assets	5,884	6,168
Total liabilities and net assets	8,605	9,445

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

(Million yen)

	Aggregate 3Q FY12/13 (From January 1, 2013 To September 30, 2013)	Aggregate 3Q FY12/14 (From January 1, 2014 To September 30, 2014)
Net sales	12,649	14,614
Cost of sales	8,586	9,572
Gross profit	4,063	5,043
Selling, general and administrative expenses	3,960	3,970
Operating income	104	1,073
Non-operating income		
Dividends income	1	1
Share of profit of entities accounted for using equity method	196	39
Reversal of accounts payable	14	9
Other	21	12
Total non-operating income	232	60
Non-operating expenses		
Interest expenses	6	6
Damage compensation expenses	7	3
Settlement package	—	8
Other	8	9
Total non-operating expenses	22	26
Ordinary income	313	1,107
Extraordinary income		
Gain on sales of investment securities	90	—
Gain on change in equity	69	—
Other	0	0
Total extraordinary income	160	0
Extraordinary loss		
Loss on sales of investment securities	2	—
Loss on valuation of investment securities	—	1
Impairment loss	81	—
Other	2	0
Total extraordinary losses	85	1
Income before income taxes and minority interests	387	1,106
Income taxes-current	60	288
Income taxes-deferred	1	-5
Total income taxes	61	284
Income before minority interests	326	822
Net income	326	822

Quarterly Consolidated Comprehensive Income Statement
[Aggregate Third Quarter of the Current Consolidated Fiscal Year]

	(Million yen)	
	Aggregate 3Q FY12/13 (From January 1, 2013 To September 30, 2013)	Aggregate 3Q FY12/14 (From January 1, 2014 To September 30, 2014)
Income before minority interests	326	822
Other comprehensive income		
Valuation difference on available-for-sale securities	2	-0
Share of other comprehensive income of associates accounted for using equity method	13	1
Total other comprehensive income	15	1
Comprehensive income	341	823
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	341	823
Comprehensive income attributable to minority interests	—	—

(3) 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)

Aggregate Third Quarter of the Previous Fiscal Year

(From January 1, 2013 to September 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	11,315	1,334	12,649	—	12,649
Inter-segment sales or transfers	2	—	2	-2	—
Total	11,317	1,334	12,651	-2	12,649
Segment income or loss (-)	474	75	549	-446	104

(Notes) 1. -0 million yen in intersegment eliminations and -445 million yen in company-wide expenses not allocated to any reporting segment are included in the -446 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 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 aggregate third quarter under review is 81 million yen (of which impairment loss of goodwill is 43 million yen).

Aggregate Third Quarter of the Current Fiscal Year

(From January 1, 2014 to September 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	13,272	1,342	14,614	—	14,614
Inter-segment sales or transfers	0	—	0	-0	—
Total	13,272	1,342	14,615	-0	14,614
Segment income or loss (-)	1,457	52	1,508	-436	1,073

(Notes) 1. 1 million yen in intersegment eliminations and -437 million yen in company-wide expenses not allocated to any reporting segment are included in the -436 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.