



Consolidated Business Results
for the First Half of the Fiscal Year Ending
December 2014

August 8, 2014

Agenda

- **Divergence between Business Forecasts and Results for the First Half of the Fiscal Year Ending December 2014** P.3
- **Revision to Full-Year Business Forecasts of the Fiscal Year Ending December 2014** ... P.5
- **Consolidated Business Highlights for the 2nd Quarter of the Fiscal Year Ending December 2014 (Apr. 2014 – Jun. 2014)** P.7
- **Consolidated Business Highlights for the First Half of the Fiscal Year Ending December 2014 (Jan. 2014 – Jun. 2014)** P.9
- **Results by Business Segment for the First Half of the Fiscal Year Ending December 2014 (Jan.2014 – Jun. 2014)** P.12
- **Strategy in the Second Half of the Fiscal Year Ending December 2014** P.15
- **Progress in Business Forecast for the Fiscal Year Ending December 2014** P.18

<January 1, 2014 – June 30, 2014>

As there have been divergence between the revised business forecast for the first half of the fiscal year ending December 2014 (January 1, 2014 – June 30, 2014) announced on May 9, 2014, and the results we disclosed today, we would like to announce the following:

Unit: Million yen

	Actual Results	Previous Forecasts	Divergence	Rate of Divergence (%)
Consolidated operating income	666	389~461	277~205	71.2~44.5

[Reasons for the Divergence]

The actual results 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), which included factors such as a drop in consumption due to the rush to buy before the hike in consumption tax , due to successful continued marketing activities focusing on promoting customer understanding of new services (part-time worker placement, hereinafter referred to as the “placement,” and part-time payroll management, hereinafter referred to as the “payroll management,” services).

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We revised the full-year business forecasts on Friday, August 8, 2014.

Unit: Million yen

	Consolidated operating income
Previous Forecasts	705~851
Revised Forecasts	1,366~1,469
Change	661~618
Rate of Change (%)	93.7~72.7

[Reason for revising the full-year business forecasts]

In the first half of the fiscal year ending December 2014, we saw a successful results for the “expansion of new services,” mainly due to the avoidance of opportunity losses through continued marketing activities focused on promoting customer understanding of new services (placement and payroll management services) as well as the securing of job seekers. We made an upward revisions (with the rate of increase of range of 93.7~72.7%) to the full-year business forecast at the start of the fiscal year (disclosed on February 14, 2014), 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.

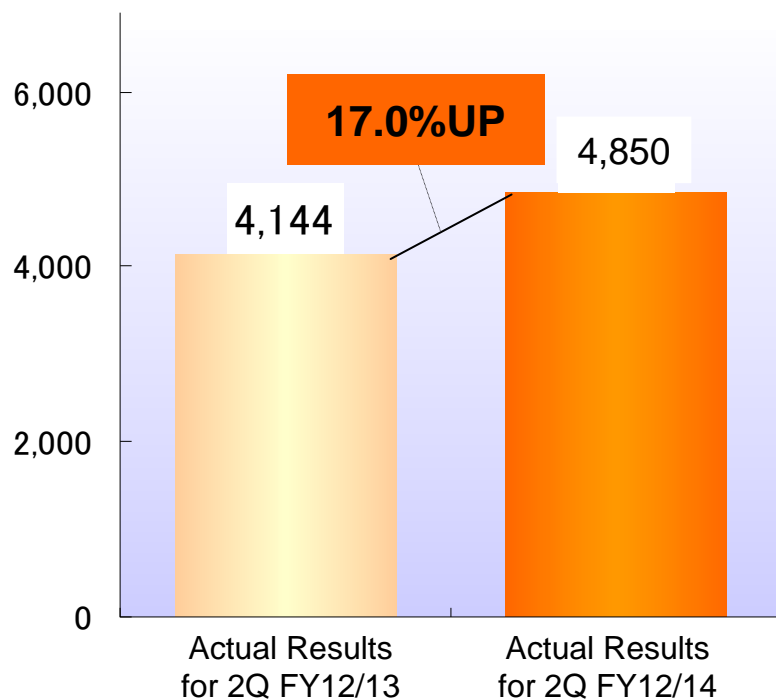
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(Comparison of 2Q FY2013 and 2Q FY2014)

Net Sales

Unit: Million yen



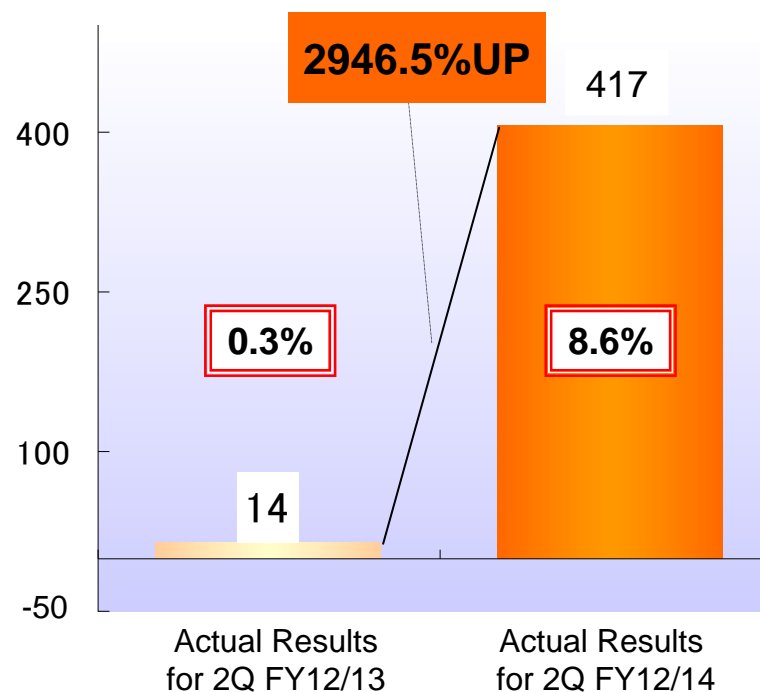
[Reason for the rise in net sales]

• In the short-term operational support business, we were successful in promoting the expansion of new services, mainly due to avoidance of opportunity losses by securing job-seekers, our marketing policy of increasing contacts by proposing new services (placement and payroll management services) in a set. As a result, we achieved an increase in net sales of 17.0% year on year.

Operating Income

Operating Income Ratio

Unit: Million yen



[Reason for the rise in operating income]

• Gross profit increased by 26.6% year on year, due to an improvement in gross profit margin of 2.6%. 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. Moreover, we were also able to restrain the ratio of selling, general and administrative expenses by 5.6% through the continued company-wide efforts to improve productivity. As a result, operating income increased substantially by 2,946.5% year on year.

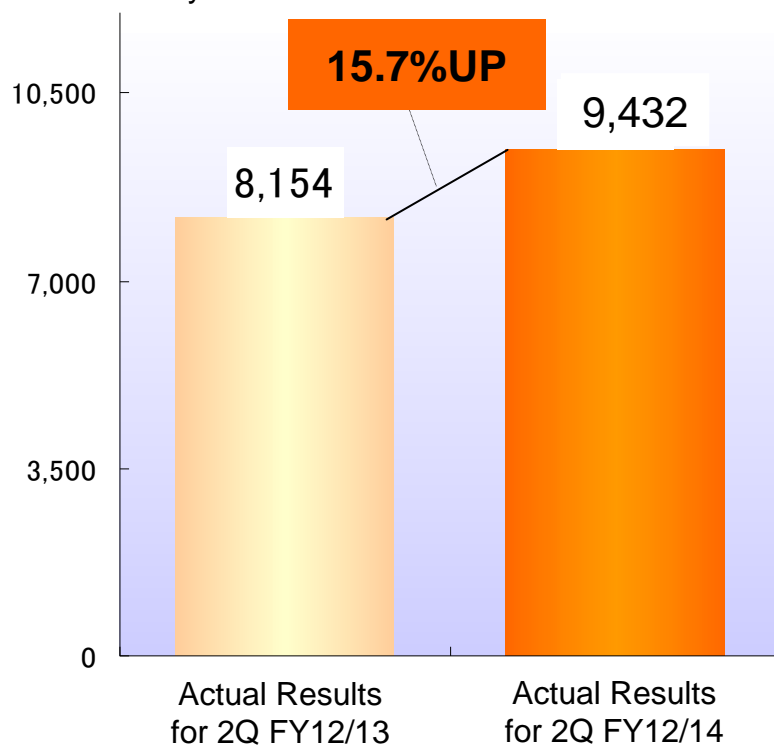
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(Comparison of 1H FY2013 and 1H FY2014)

Net Sales

Unit: Million yen



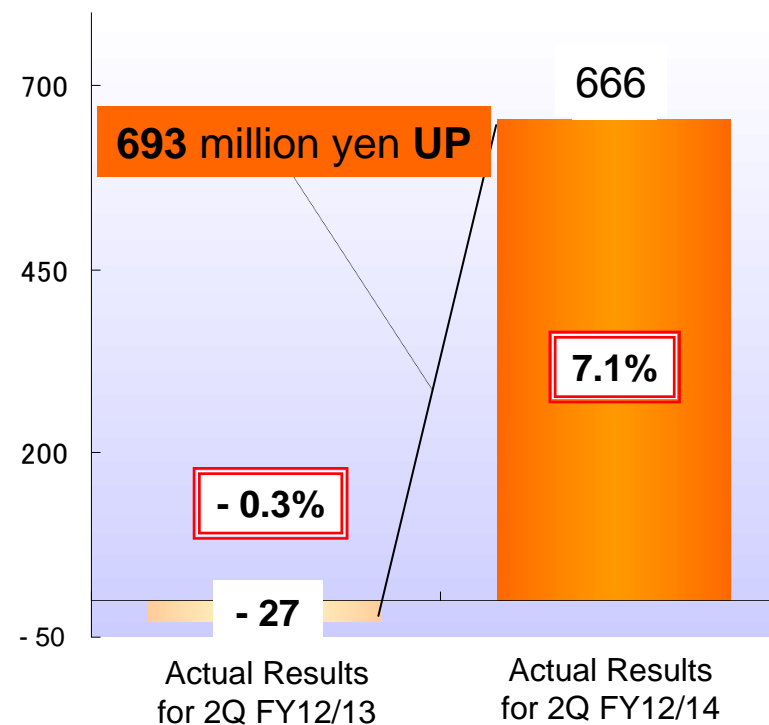
[Reason for the rise in net sales]

•We achieved an increase in net sales of 15.7% over the same period of the previous year when we launched new services, due to successful continued marketing activities focusing on promoting customer understanding of new services (placement and payroll management services).

Operating Income

Operating Income Ratio

Unit: Million yen



[Reason for the rise in operating income]

•As was the case with the quarterly results, 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. Moreover, we were also able to restrain the ratio of selling, general and administrative expenses by 4.0% through the continued company-wide efforts to improve productivity. As a result, operating income increased substantially by 693 million yen year on year to 666 million yen.

Unit: Million yen

	2Q FY12/13	2Q FY12/14	Rate of change(%)
Net sales	8,154	9,432	15.7
Gross profit	2,576	3,295	27.9
Selling, general & administrative expenses	2,603	2,629	1.0
Operating income	- 27	666	-
Operating income ratio	- 0.3%	7.1%	-
Ordinary income	94	706	650.7
Net income	129	556	329.6

During the first half under review, we recorded net income of 556 million yen (up 329.6% year on year) due mainly to an increase in gross profit, as new services expanded year on year.

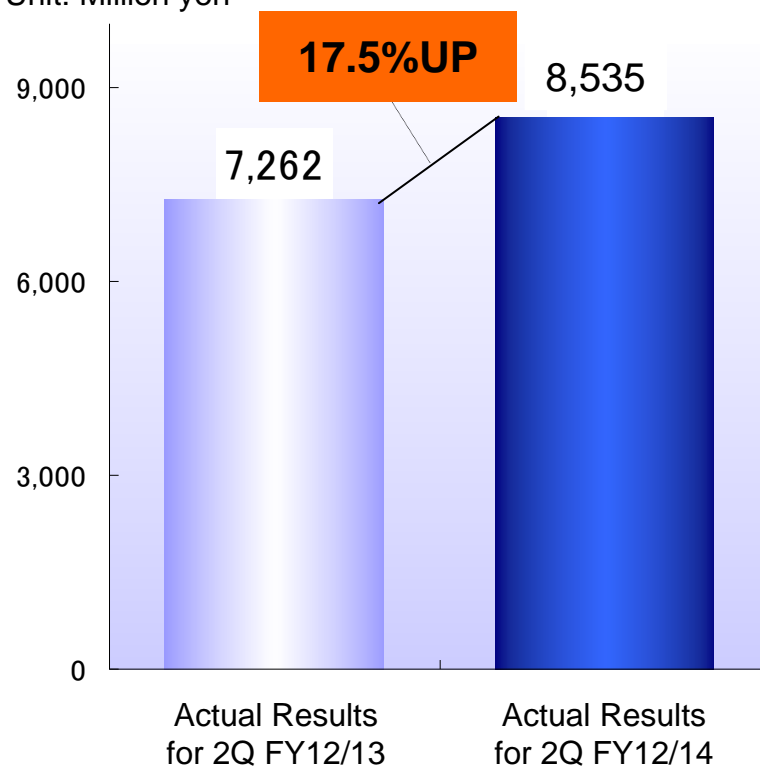
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(Comparison of 1H FY2013 and 1H FY2014)

Net Sales

Unit: Million yen



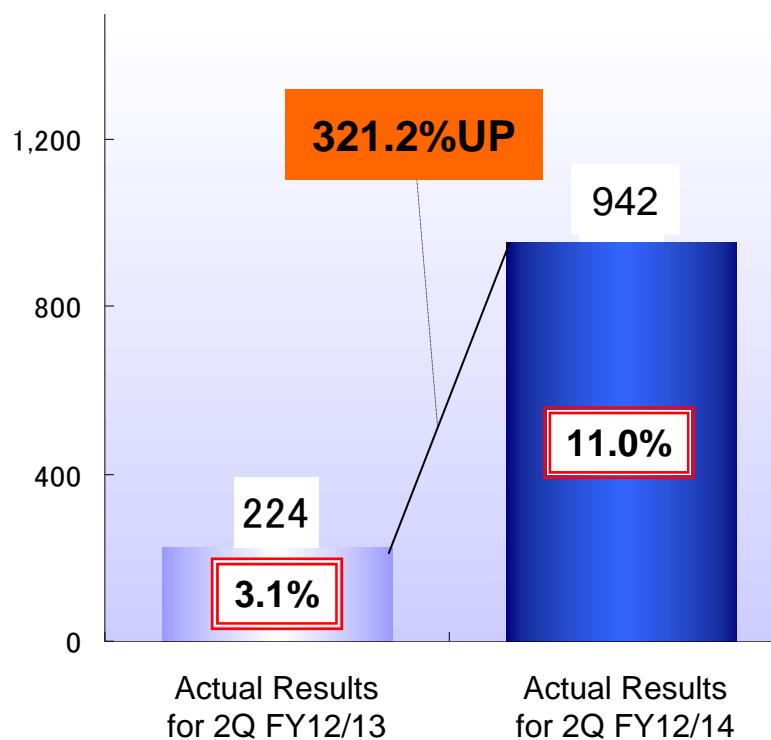
[Reason for the rise in net sales]

- Net sales increased by 17.5% year on year, for the same reasons as the consolidated accounts.

Operating Income

Operating Income Ratio

Unit: Million yen



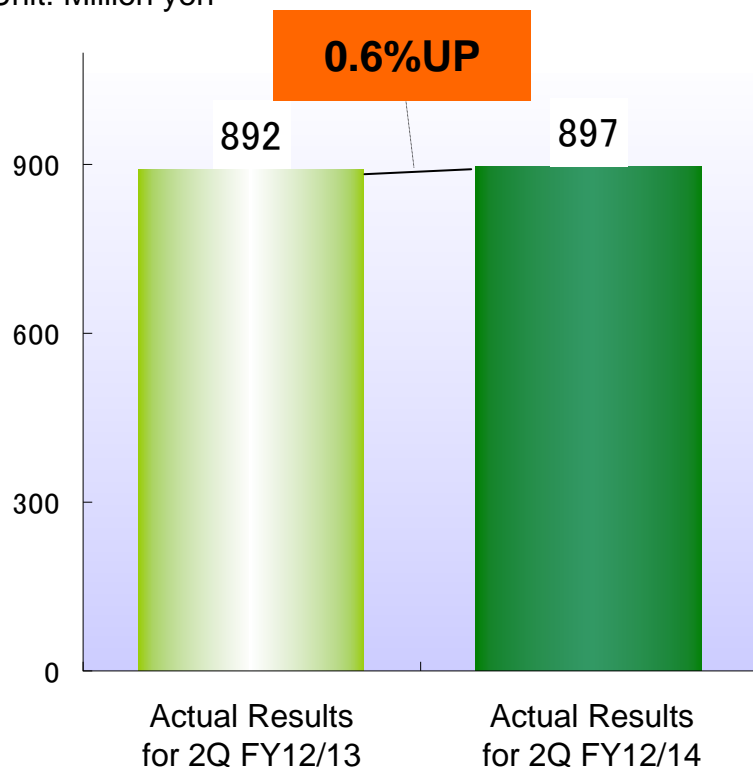
[Reason for the rise in operating income]

- Operating income increased by 321.2% year on year, for the same reasons as the consolidated accounts.

(Comparison of 1H FY2013 and 1H FY2014)

Net Sales

Unit: Million yen

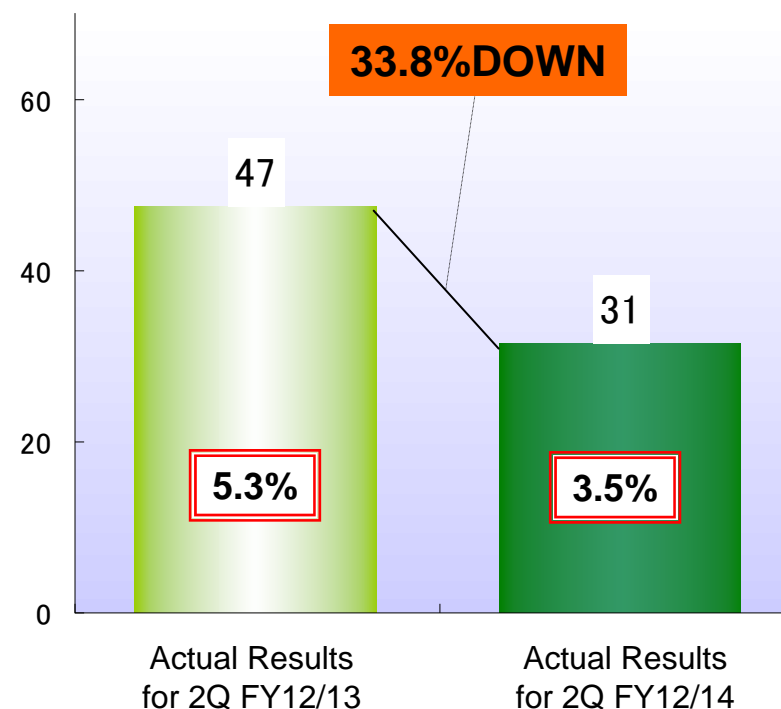


[Reason for the rise in net sales]
 Net sales increased by 0.6% year on year for the same reason as the first quarter, namely, due to the increased orders received from major customers.

Operating Income

Operating Income Ratio

Unit: Million yen



[Reason for the decrease in operating income]
 Operating income decreased by 33.8% year on year since the major cases, which increased orders received, had low gross profit and therefore lowered gross profit margin.

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FY2014 Targets

- **Expansion of New Services**

FY2014 Business Strategy

- **Raise the quality of our new services**
- **Secure job seekers in the peak season**

■ Opening of new registration centers and sales offices

● Purpose

> Registration Centers: Strengthen the securing of job seekers towards the 4th quarter which is the busiest one in the fiscal year.

> Sales offices: Strengthen sales capabilities by opening stores in the areas which have not been fully covered in terms of sales.

● Areas to be Opened

> Registration Centers: 7 bases in total

Utsunomiya (Tochigi)	Akihabara (Tokyo)	Mizonokuchi (Kanagawa)	Ichinomiya (Aichi)	Kyotanabe (Kyoto)	Hirakata (Osaka)	Kurashiki (Okayama)
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> Sales offices: 7 offices in total

Yamagata (Yamagata)	Mito (Ibaraki)	Matsumoto (Nagano)	Nagaoka (Niigata)	Nishinomiya (Hyogo)	Sakai (Osaka)	Kokura (Fukuoka)
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● Timing of Openings

> After July 1, 2014

■ Launching of Service Improvement Project

● Outline

> Conduct hearings throughout the company concerning requests of client companies and employees on the new services in order to improve the services and their quality so that we can secure earnings opportunities and avoid the loss of opportunities.

● Timing of launching

> Late May 2014

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<January 1, 2014 ~ December 31, 2014>

Unit: Million yen

	1H (Actual)	FY2014 (Revised business forecasts)	Progress ratio (%)
Consolidated operating income	666	1,366~1,469	48.8~45.3

[Progress of the Revised Full-Year Business Forecasts]

The progress ratio of the first half (actual results) against the revised full-year business forecast (announced on August 8, 2014) is 48.8%~45.3%. We strive to achieve the revised business forecast with the business challenge of “further expansion of new services,” specifically through strategy such as the “secure job seekers in the peak season” and “raise the quality of our new services”.

“Contributing to enhancing Japan’s competitiveness as a human resource services company.”



ADR (American Depositary Receipts) Program:
Program Type: Sponsored Level 1
Exchange Ratio with Underlying Stock: 1ADR = 1 Underlying Stock
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Symbol: FULCY
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TEL: (212) 815-2077
U.S. Toll Free: (888) 269-2377 (888-BNY-ADRS)
Web Site: http://www.adrbny.com/dr_profile.jsp?cusip=35968P100

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