

FULLCAST HOLDINGS CO., LTD.

The logo for Fullcast Holdings, consisting of a solid orange circle positioned above the letter 'F' in the word "FULLCAST".  
**FULLCAST**  
**HLDGS.**

Consolidated Business Results  
for the First Quarter of the Fiscal Year  
Ending December 2016  
(January 2016 – March 2016)

May 13, 2016

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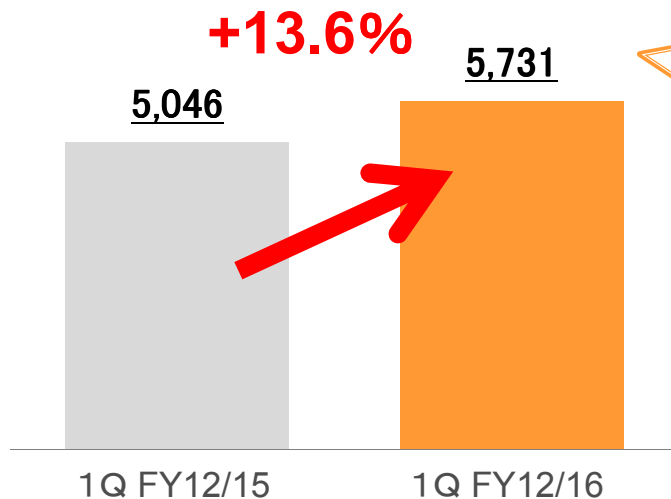
\*In this document, short-term operational support business, one of the segments, is referred to as “Short-Term” in some parts.

\*In this document, names of services are written in an abbreviated form; “part-time worker placement” and “part-time worker payroll management” services in short-term operational support business—which were launched along with the implementation of the Revised Worker Dispatching Act on October 1, 2012—are referred to as “Placement” and “Management,” respectively. In addition, “long-term dispatching” service with a contract period of 31 days or longer, which has been conducted after the implementation of the Revised Worker Dispatching Act, is referred to as “Dispatching.”

# **Consolidated Business Highlights for the First Quarter of the FY12/16 (Jan – Mar. 2016)**

## Net sales

(Million yen)

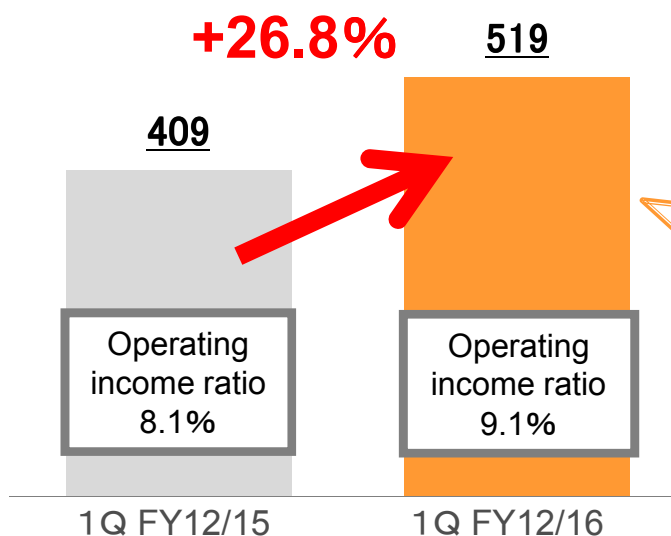


### 【Factors behind the change in net sales】

- ✓ Net sales increased 13.6% year on year, boosted by an increase in sales of mainstay “placement” and “management” services in the short-term operational support business.

## Operating income

(Million yen)



### 【Factors behind the change in operating income】

- ✓ Operating income rose 26.8% year on year thanks to positive upward effects resulting from growth in mainstay services.
- ✓ Operating income ratio increased 0.9pts as an increase in sales and SG&A expenses were curtailed thanks to efforts to improve productivity.

➤ Short-term “management” services includes the total of “payroll management services for part-time workers” and the “My Number management service.”

# Consolidated First Quarter FY2016 Year-on Year Comparison

(Million yen)

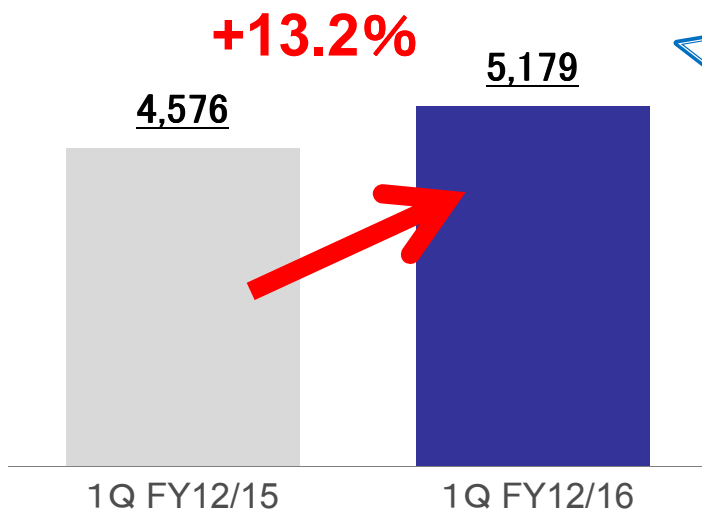
	1Q FY12/15	1Q FY12/16	Difference	Rate of change
Net sales	5,046	5,731	685	13.6%
Gross profit	1,821	2,105	284	15.6%
SG&A expenses	1,412	1,586	174	12.3%
Operating income	409	519	110	26.8%
Operating income ratio	8.1%	9.1%	—	—
Ordinary income	340	587	247	72.6%
Quarterly net income attributable to Fullcast Holdings Co., Ltd.	259	481	221	85.4%

- ✓ Ordinary income **increased 72.6%** year on year because of the increase in share of income entitles accounted for using equity method associated with the acquisition of Beat Co., Ltd.
- ✓ Quarterly net income attributable to Fullcast Holdings Co., Ltd. **increased 85.4%** year on year because of the decrease in corporation tax due to a decline in tax burden following the introduction of the consolidated tax payment system.

**The First Quarter of the FY12/16  
Short-Term Operational  
Support Business Earnings  
(Jan. – Mar. 2016)**

## Net Sales

( Million yen)

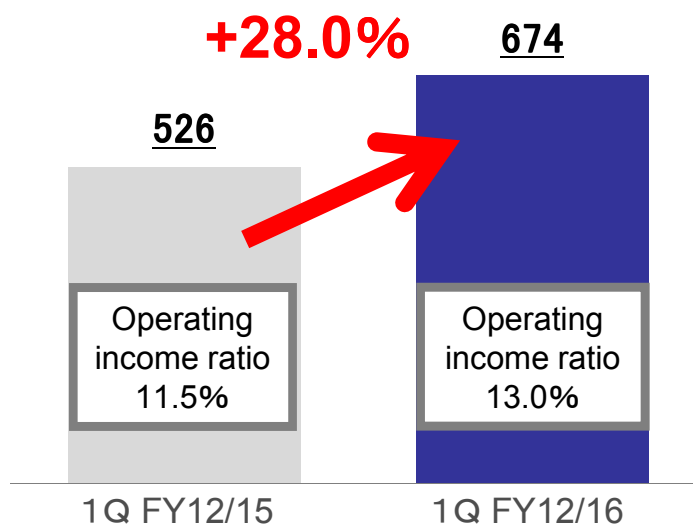


### 【 Factors behind the change in net sales】

- ✓ Net sales of the short-term operational support business **increased 13.2%** year on year, boosted by growth in the mainstay “placement” and “management” services following efforts to increase the number of customers for each.
- ✓ During the quarter under review, the launch of the “My Number management” service provided a partial boost to the growth in sales of “management” services.

## Operating Income

( Million yen)



### 【 Factors behind the change in operating income】

- ✓ As with consolidated performance, operating income **rose 28.0%** year on year thanks to positive upward effects resulting from growth in mainstay services.
- ✓ Operating income ratio increased **1.5pts** as an increase in sales and SG&A expenses were curtailed thanks to efforts to improve productivity.

## Year-on-Year Comparison by Service Category

(Million yen)

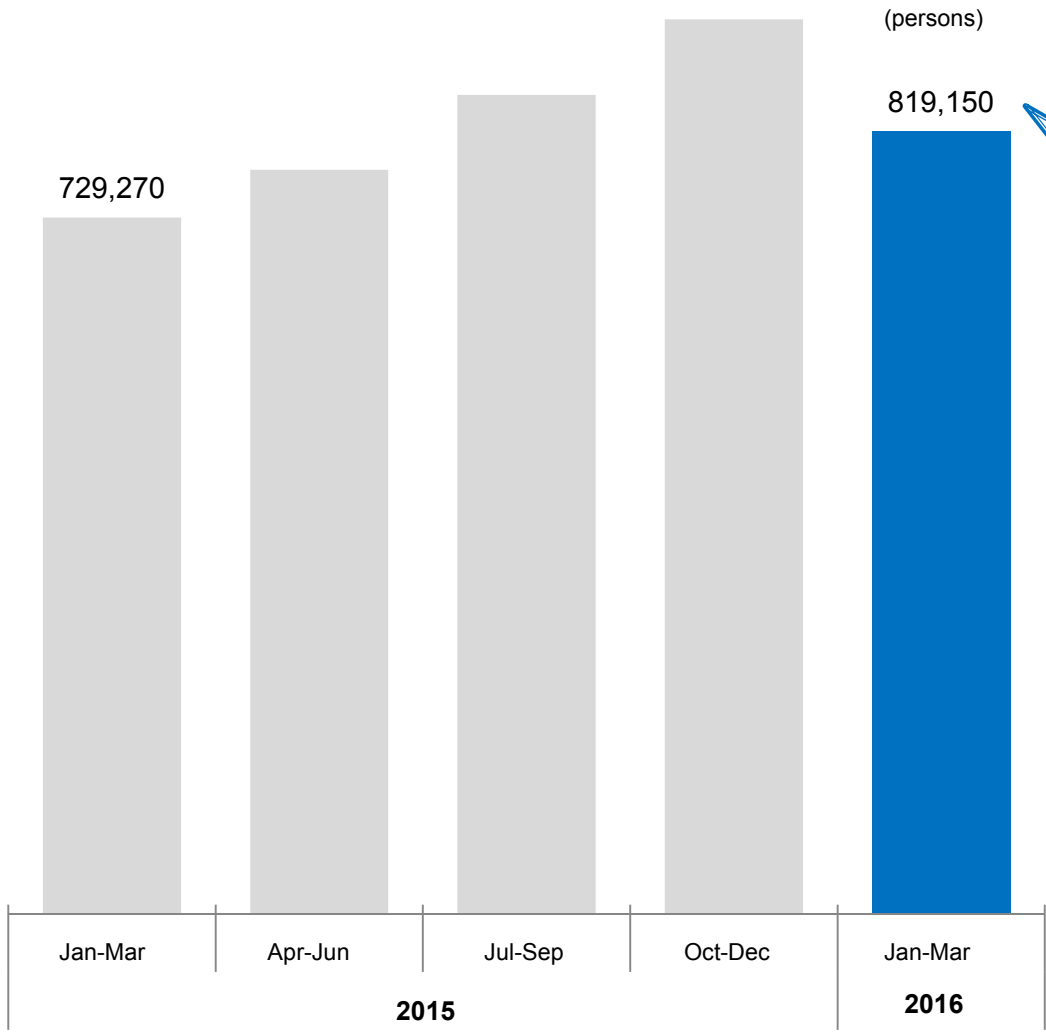
	1Q FY12/15	1Q FY12/16	YY Change	Rate of change
<b>Net sales</b>	4,576	5,179	604	13.2%
Placement	740	855	115	15.5%
Management	447	590	143	32.0%
Dispatching	2,919	3,185	266	9.1%
Outsourcing	470	550	80	17.0%
<b>Gross profit</b>	1,739	2,005	266	15.3%
Placement	714	814	99	13.9%
Management	447	585	138	31.0%
Dispatching	481	485	4	0.8%
Outsourcing	97	121	24	24.8%

- ✓ Both services grew thanks to efforts to increase the number of customers using “placement” and “management” services.
- ✓ During the quarter under review, the launch of the “My Number management” service provided a partial boost to the growth of “management” services.

- Short-term “management” services includes the total of “payroll management services” for the “My Number management service.”
- Numerical data represent reference figures. This data has not been audited by the accounting auditor.



## ■ Number of matched workers



✓ The total number of matched workers for Q1 of the fiscal year ending December 2016 was **819,150**.

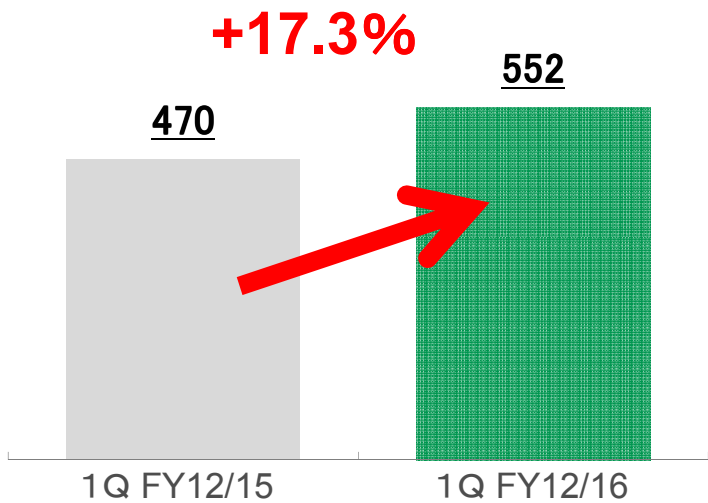
✓ Overall matched workers **increased 89,880** over the previous Q1 due mainly to an increase in matched workers via our “placement” service.

➤ Matched workers represents the total number of workers employed using a service other than management in the short-term operational support business of Fullcast Co., Ltd. and Top Spot Co., Ltd.

# **The First Quarter of the FY 12/16 Security Business Earnings (Jan. – Mar. 2016)**

## Net Sales

(Million yen)

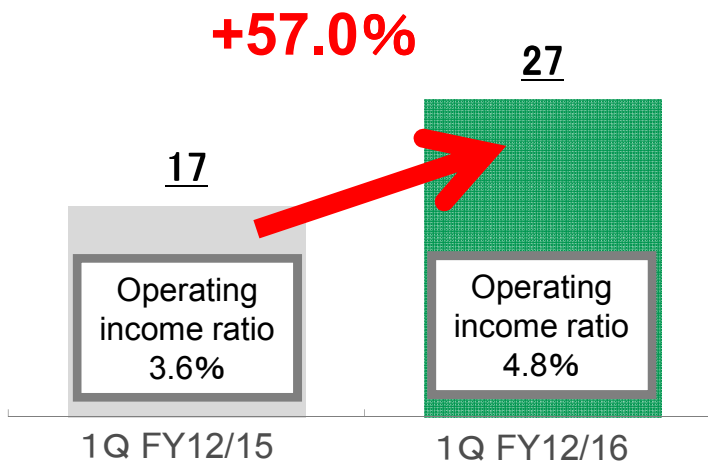


### 【 Factors behind the change in net sales 】

- ✓ Net sales increased 17.3% year on year due to an increase in temporary manned security business.

## Operating Income

(Million yen)



### 【 Factors behind the change in operating income 】

- ✓ Operating income increased 57.0% year on year, driven by the increase in sales.

# Impact of the Recent Earthquake in Kumamoto

Fullcast Holdings would like to extend its deepest condolences to those affected by the recent earthquake that struck the Kumamoto region of Kumamoto Prefecture. The Fullcast Group has been impacted by this earthquake as follows.

## ● Situation concerning personal injuries

- The safety of Fullcast Group employees and staff that had been dispatched or placed in the area was confirmed on April 15 and 16.

## ● Status concerning physical damages

- The Kumamoto Sales Office, Fullcast Co., Ltd. suffered damages to its reception counter, telephones and computers caused by the earthquake. Physical damages were not incurred by other Fullcast Group business locations in the Kyushu region.

## ● Fullcast Group marketing activities in the affected area

- The Kumamoto Sales Office Fullcast Co., Ltd. has conducted marketing activities at other Fullcast business location since the earthquake struck. Local marketing restarted from as normal on May 9 after the safety and security of the area were verified.
- The Kumamoto Sales Office, Fullcast Co., Ltd. and our business partners are also working together to ascertain the damages and provide necessary assistance to those in need.

## ● Impacts on business performance

- The earthquake in Kumamoto will have a minimal impact on full-year business performance for the year ending December 2016.

# Initiatives to Enhance Corporate Governance

- ✓ The following initiatives have been carried out in order to enhance corporate governance.

## ● Transition to a Company with the Audit & Supervisory Committee

- Fullcast Holdings Co., Ltd. **transitioned** from “a company with a Board of Corporate Auditors” to “**a company with the Audit & Supervisory Committee**” following the proposal “Partial Changes to the Articles of Incorporation” approved at the 23rd General Meeting of Shareholders held on March 25, 2016, in order to reinforce supervisory functions covering director’s execution of duties and to further enhance the corporate governance system.

(See: [https://www.fullcastholdings.co.jp/english/ir/pdf/2015/20160212\\_04.pdf](https://www.fullcastholdings.co.jp/english/ir/pdf/2015/20160212_04.pdf) )

## ● Submission of corporate governance report

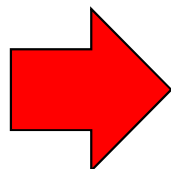
- On March 28, 2016, after the conclusion of the 23rd General Meeting of Shareholders, **a corporate governance report was submitted** to the regulatory authority, which included mention of the new system after transitioning to “a company with the Audit & Supervisory Committee.”

(See: <https://www.fullcastholdings.co.jp/ir/pdf/2016/faqCorporateGovernance.pdf>)

## ● Announcement of Medium Term Management Plan (FY16-FY20)

- The Medium Term Management Plan (FY16-FY20), running from the fiscal year ending December 2016 to the fiscal year ending December 2020 was announced on February 12, 2016.

(See: [https://www.fullcastholdings.co.jp/english/ir/pdf/2015/2015\\_04\\_2\\_e.pdf](https://www.fullcastholdings.co.jp/english/ir/pdf/2015/2015_04_2_e.pdf))



Fullcast Holdings will continue to work toward enhancing its corporate governance and realizing “**sustainable improvement of corporate value**” by securing transparency of management and by enhancing management efficiencies.

# Implications of the Revised Worker Dispatching Act



- ✓ The impact from the revised Worker Dispatching Act that took effect on September 30, 2015 on the Fullcast Group's business performance will be minimal.

Primary changes	Initial outlook
<p><b>1. Improvements to worker dispatching business</b></p> <p>Distinction between the specified worker dispatch business (reporting required) and the general worker dispatching business will be eliminated, and all worker dispatching businesses will require approval.</p>	<p>Not engaged in the specific worker dispatching business</p>
<p><b>2. Employment stabilization and career advancement for dispatched workers</b></p> <p>The following measures will be implemented in order to provide career advancement opportunities for dispatched workers, including the opportunities to become full-time workers, and for continuing their employment.</p> <ul style="list-style-type: none"> <li>i. Dispatching companies will be required to provide systematic training to dispatched workers and career consulting to those dispatched workers who request it.</li> <li>ii. Dispatching companies will be required to provide employment stabilization measures for dispatched workers at the end of their dispatch period (measures to continue their employment). (These measures will be required for dispatch periods over three years. For dispatch periods between one and three years dispatching companies will need to show they made an effort.)</li> </ul>	<ul style="list-style-type: none"> <li>i. Dispatching as a percentage of the whole is very low (less than 30%)</li> <li>ii. Very few of our dispatched workers are applicable as few continually work at the same location for three consecutive years</li> </ul>
<p><b>3. Revisions to make dispatch period regulations clearer</b></p> <p>Currently there are not regulations placed on the dispatch period for the 26 job types requiring specialization and a maximum three-year limit has been placed on all other job types. However, to make this system clearer, these regulations will be eliminated in favor of the following new system.</p> <ul style="list-style-type: none"> <li>i. Limit on dispatch period at the employer level: Dispatched workers can work at the same business for a maximum of three years. To employ a dispatched worker longer will require a hearing with the majority labor union. The employer will be required to provide an explanation of their response policy based on the opinions heard.</li> <li>ii. Limit on dispatch period at the individual level: Dispatched workers can work in the same organization (section) at the same business for a maximum of three years.</li> </ul>	<p>Very few of our dispatched workers are subject to these revisions as few continually work at the same location for three consecutive years</p>

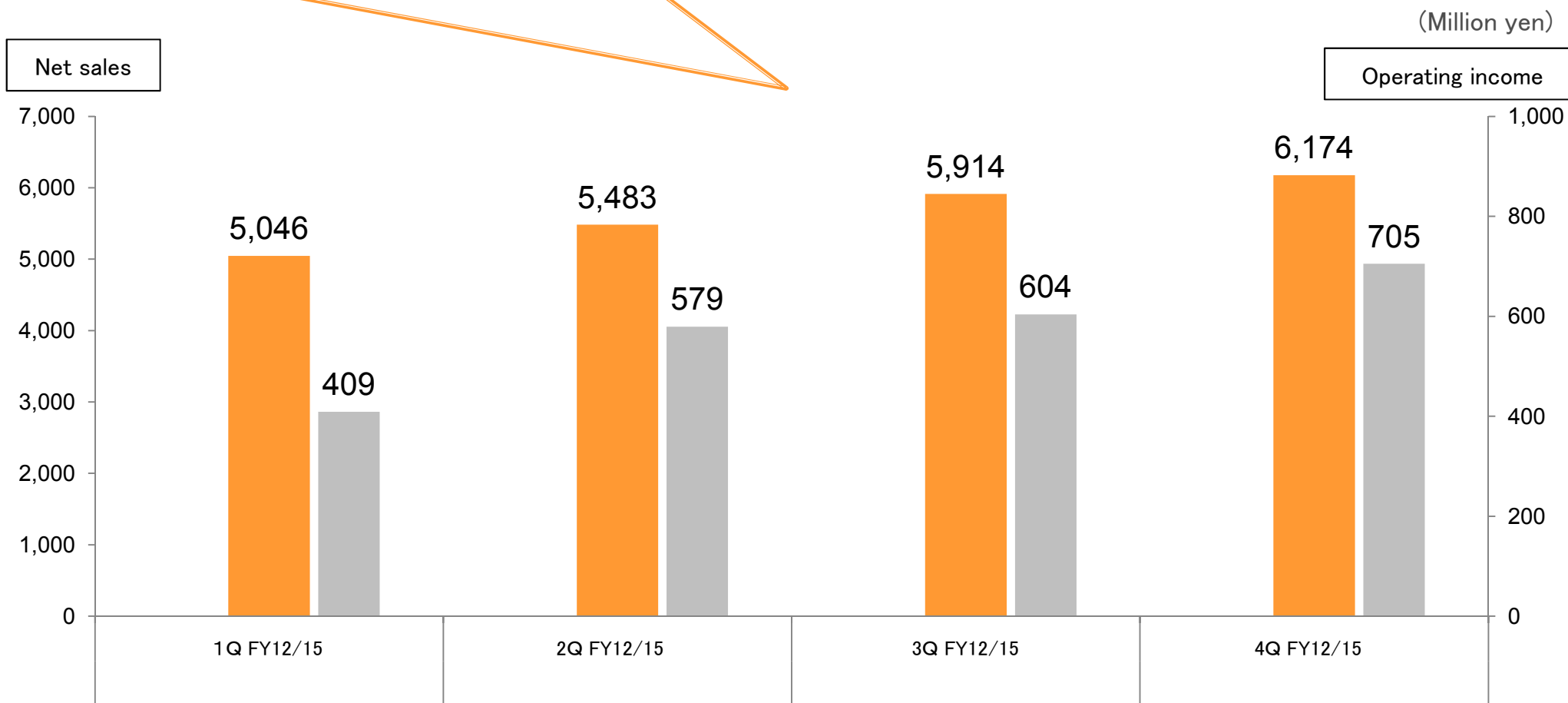
# Progress in Business Forecasts for the First Quarter of FY 12/16

✓ Consolidated business performance for the first quarter of the fiscal year ending December 2016 is progressing within the range of the initial consolidated forecasts for business results released on February 12, 2016.

(Million yen)

	1Q FY12/16 (Actual)	FY12/16 Business Forecasts for 1st Half	FY12/16 Progress of Business Forecasts for the 1H YTD	FY12/16 Business Forecasts for Full Year	FY12/16 Progress of Business Forecasts for the Full Year
	(A)	(B)	(A/B)	(C)	(A/C)
Net sales	5,731	11,552	49.6%	24,650	23.3%
Operating income	519	1,109	46.8%	2,630	19.7%
Ordinary income	587	1,109	53.0%	2,630	22.3%
Quarterly net income attributable to Fullcast Holdings Co., Ltd	481	883	54.4%	2,054	23.4%

✓ Generally, the business cycle dictates that net sales and operating income increase as the end of the fiscal year approaches.



<Proportion of full-year results>

Net sales	22.3%	24.2%	26.1%	27.3%
Operating income	17.8%	25.2%	26.3%	30.7%

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