Securities Report
for the Fiscal Year
Ended December 31, 2018

(The English Translation of the "Yukashoken-Houkokusho"
for the Fiscal Year Ended December 31, 2018)

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 29, 2019
[Fiscal Year]	26th (January 1 to December 31, 2018)
[Company Name]	Fullcast Holdings Co., Ltd.
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[Location to Submit to Inspection]	Tokyo Stock Exchange Group, Inc. (2-1 Nihonbashi Kabutocho, Chuo-ku, Tokyo)

Note: The method of presentation has been changed from Japanese calendar format in the Securities Report for the Fiscal Year Ended December 31, 2018 to the western calendar format.

Section 1: Corporate Information

Part 1: Corporate Overview

1. Trends in Key Performance Indicators

(1) Consolidated Performance Indicators

Term		Term 22	Term 23	Term 24	Term 25	Term 26
Date of settlement		Dec. 2014	Dec. 2015	Dec. 2016	Dec. 2017	Dec. 2018
Net Sales	(Million yen)	20,175	22,618	25,340	32,066	38,852
Ordinary income	(Million yen)	1,647	2,168	3,001	4,406	5,286
Net income attributable to Fullcast Holdings Co., Ltd.	(Million yen)	1,336	1,765	2,529	2,994	3,310
Comprehensive income	(Million yen)	1,333	1,776	2,537	3,081	3,406
Net assets	(Million yen)	6,678	7,530	9,272	11,339	13,049
Total assets	(Million yen)	10,551	11,622	13,272	16,813	19,849
Net asset equity per share	(Yen)	173.51	195.65	239.98	286.81	331.68
Net income per share	(Yen)	34.70	45.85	65.92	78.87	87.90
Diluted net income per share	(Yen)	-	-	-	78.58	87.48
Equity ratio	(%)	63.3	64.8	69.3	64.6	62.8
Return on equity	(%)	21.3	24.8	30.2	29.8	28.4
Price-earnings ratio	(Multiples)	13.9	16.3	14.6	29.3	20.4
Cash flows from operating activities	(Million yen)	2,209	1,339	2,160	3,901	4,474
Cash flows from investing activities	(Million yen)	(154)	(296)	(735)	(187)	(2,870)
Cash flows from financing activities	(Million yen)	(535)	(921)	(868)	(1,306)	(2,508)
Cash and cash equivalents at the end of period	(Million yen)	6,284	6,406	6,963	9,371	8,467
Number of employees (Others, average number of temporary workers)		446 (460)	474 (552)	504 (642)	635 (844)	1,013 (1,110)

Notes: 1. Net sales do not include consumption tax.
2. Diluted net incomes per share in Terms 22 to 24 are not shown because there were no dilutive shares.

(2) Performance Indicators for Submitting Companies

Term		Term 22	Term 23	Term 24	Term 25	Term 26
Date of settlement		Dec. 2014	Dec. 2015	Dec. 2016	Dec. 2017	Dec. 2018
Operating revenue	(Million yen)	2,281	3,486	4,264	4,745	5,741
Ordinary income	(Million yen)	410	1,593	2,320	2,708	3,552
Net income	(Million yen)	489	1,831	2,567	2,454	2,462
Capital stock	(Million yen)	2,780	2,780	2,780	2,780	2,780
Shares issued	(Shares)	38,486,400	38,486,400	38,486,400	38,486,400	38,486,400
Net assets	(Million yen)	3,849	4,757	6,460	7,578	8,356
Total assets	(Million yen)	5,675	6,589	8,353	9,990	11,434
Net asset equity per share	(Yen)	100.01	123.60	168.49	199.17	220.18
Dividend per share (interim dividend per share)	(Yen) (Yen)	16.00 (-)	18.00 (8.00)	21.00 (10.00)	26.00 (12.00)	32.00 (14.00)
Net income per share	(Yen)	12.70	47.57	66.92	64.63	65.37
Diluted net income per share	(Yen)	-	-	-	64.40	65.06
Equity ratio	(%)	67.8	72.2	77.3	75.5	72.4
Return on equity	(%)	12.6	42.5	45.8	35.0	31.1
Price-earnings ratio	(Multiples)	38.1	15.7	14.4	35.8	27.4
Payout ratio	(%)	126.0	37.8	31.4	40.2	49.0
Number of employees (Others, average number of temporary workers)		100 (96)	86 (122)	94 (157)	86 (174)	87 (209)

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

2. Diluted net incomes per share in Terms 22 to 24 are not shown because there were no dilutive shares.

2. Corporate History

Sep 1990	Established Resort World Co., Ltd. in Minato-ku, Tokyo
Sep 1992	Changed our company name to Fullcast Co., Ltd. (Currently Fullcast Holdings 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.*
May 1998	Changed the name of Kanagawa School Entrance Research Association Co., Ltd. to Fullcast With Co., Ltd.
Oct 1998	Fullcast With Co., Ltd. was approved to conduct general worker dispatching
Jan 1999	Newly established a factory business section, and began the factory-line contracting business Fullcast Lady Co., Ltd.* was approved to conduct general worker dispatching
Apr 1999	Fullcast With Co., Ltd. was approved to engage in the employment placement business
Jun 1999	Merged with Fullcast Osaka Co.*, Ltd., Entry Co., Ltd.*, Dual Support 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
Jun 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 caters specifically to the automobile industry
Oct 2002	Fullcast With Co., Ltd. and Fullcast System Consulting Co., Ltd. merged, and the name of the merged company was changed to Fullcast Technology Co., Ltd. Assumed part of Fullcast Lady Co., Ltd.'s business through an absorption-type split, Fullcast Lady Co., Ltd. specializes in office-type short-term business contracting and dispatching, and changed its name to Fullcast Office Support Co., Ltd.*
Jan 2003	Fullcast Office Support Co., Ltd.* was approved to engage in employment placement business Fullcast HR Consulting Co., Ltd. merged with Fullcast Office Support Co., Ltd.*
Sep 2003	Listed our shares on the Second Section of the Tokyo Stock Exchange
Jun 2004	Acquired 100% ownership of Apayours Co., Ltd. through stock swap
Jul 2004	Fullcast Technology Co., Ltd. was approved to conduct general worker dispatching
Sep 2004	Moved our shares 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.* 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., and changed their name to Fullcast HR Institute Co., Ltd.*
	Asia Pacific System Research Co., Ltd. became a subsidiary through a third-party placement of stock and stock acquisition
	Fullcast Technology Co., Ltd. listed its shares on an Over-The-Counter market (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
Jun 2006	Acquired 100% ownership of Exe Outsourcing Co., Ltd. (currently F-PLAIN Corporation, now a consolidated subsidiary) through transfer of shares
May 2007	Acquired 100% ownership of Info-P Co., Ltd. through stock swap
Jun 2007	Acquired 100% ownership of Net It Works, Inc. through transfer of shares
Jul 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.*
Nov 2008	All shares held in Asia Pacific System Research Co., Ltd. acquired by 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.
Jun 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.
Jun 2010	Integrated head office functions of the Company and all Group companies (Excluding Fullcast Technology Co., Ltd., East Communication Inc.(Currently F-PLAIN Corporation, now a consolidated subsidiary) and EKO-SYSTEM Inc. (Currently F-PLAIN Corporation, now a consolidated subsidiary))
May 2011	Fullcast Marketing Co., Ltd. (Currently F-PLAIN Corporation, now a consolidated subsidiary) was changed to an equity method affiliate through a partial transfer of stock and allocation of new stock to a third party
	A takeover bid for Fullcast Technology Co., Ltd. was offered by Yumeshin Holdings Co., Ltd. and all shares owned were transferred
Apr 2012	Acquired 100% ownership of Otetsudai Networks, 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 services including the “part-time employment placement” and “part-time worker payroll management services”
Jan 2016	Launched “My Number Management” service
Feb 2016	Established Work & Smile Co., Ltd., with operations started in July 2016
Mar 2016	Acquired shares of Beat Co., Ltd. and converted it to an equity method affiliate
Aug 2016	Acquired shares of Dimension Pocket Co., Ltd., and made it a consolidated subsidiary

Oct 2016	Launched “Year-End Tax Adjustment Management” service
Nov 2016	Established Fullcast Senior Works Co., Ltd., with operations started in March 2017
Jan 2017	Acquired shares of equity method affiliate F-PLAIN Corporation, making it a consolidated subsidiary
Mar 2017	Established Fullcast Porter Co., Ltd., with operations started in July 2017
May 2017	Launched ”Resident Tax Update Admin Work Management“ service
Jan 2018	Acquired the shares of BOD Co., Ltd. and made it a consolidated subsidiary
Jun 2018	Acquired shares of DeliArt Co., Ltd. and converted it to an equity method affiliate
Jun 2018	Established Fullcast Global Co., Ltd., with operations started in October 2018
Aug 2018	Acquired shares of Advancer Global Limited and converted it to an equity method affiliate
Aug 2018	Acquired shares of Minimaid Service Co., Ltd. and made it a consolidated subsidiary

*: Currently Fullcast Co., Ltd. (now a consolidated subsidiary).

3. Description of Business

Our Group is expanding the “Short-Term Operational Support Business” (Providing timely short-term personnel services in response to changes in the amount of work at client companies), the “Sales Support Business” (Mainly engaging in call center operations and agency sales of telecommunications products and others focused on distributor networks), and the “Security, Other Businesses” (Providing security services mainly for public facilities and ordinary corporations, others).

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

Short-Term Operational Support Business (Short-term personnel service, human resource services for event operation, payroll management services, other services)

[Main companies] Fullcast Co., Ltd.
Top Spot Co., Ltd.
Work & Smile Co., Ltd.
Fullcast Senior Works Co., Ltd.
Fullcast Porter Co., Ltd.
Otetsudai Networks Inc.
Fullcast Advance Co., Ltd.
BOD Co., Ltd.
BOD Alpha Co., Ltd.
Fullcast Global Co., Ltd.
Minimaid Service Co., Ltd.

Sales Support Business (Distributor sales and call center operations, other services)

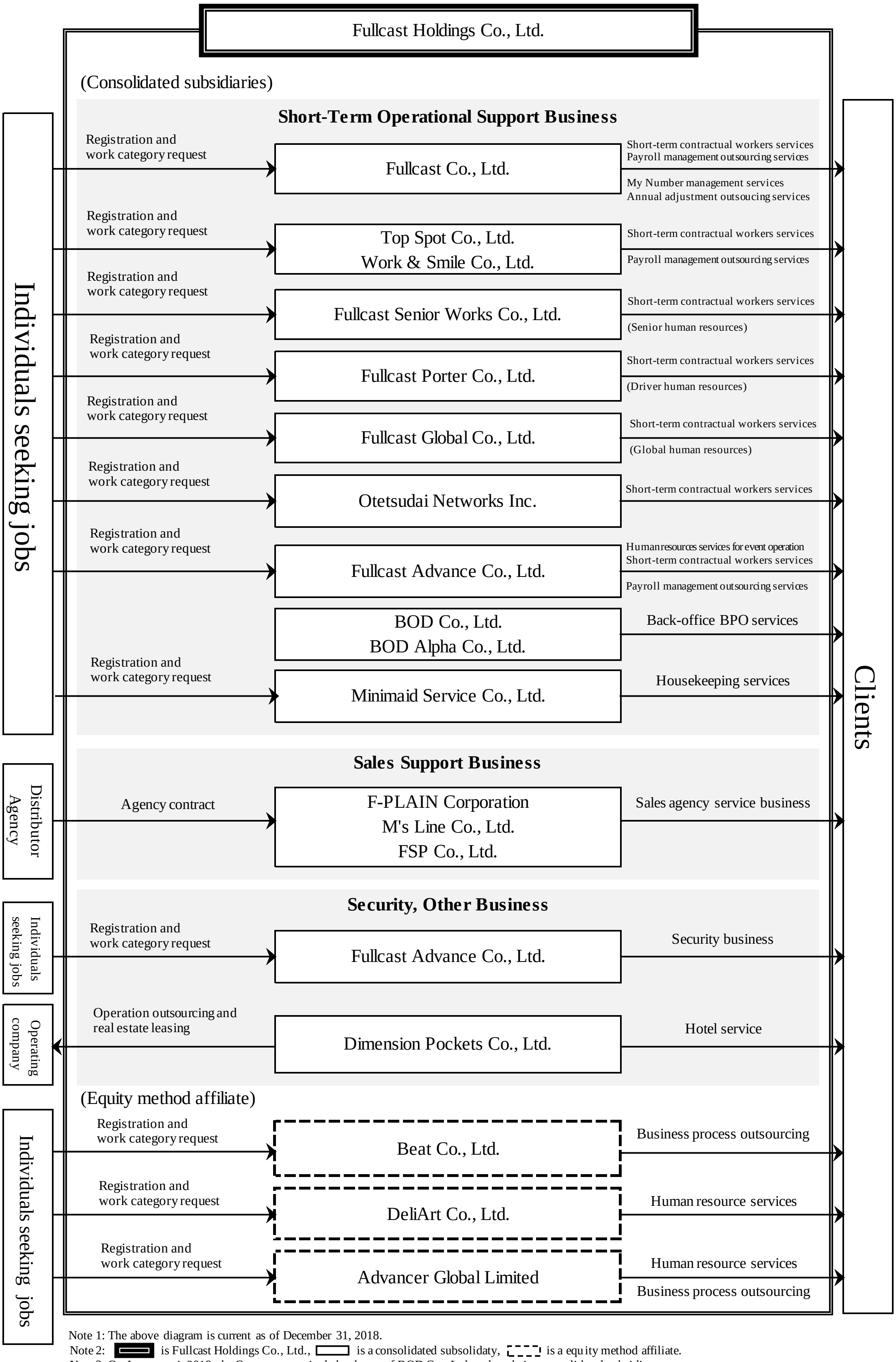
[Main companies] F-PLAIN Corporation
M’s Line Co., Ltd.
FSP Co., Ltd.

Security, Other Businesses (Security business, other services)

[Main companies] Fullcast Advance Co., Ltd.
Dimension Pockets Co., Ltd.

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

A diagram of our business activities is shown below:



Note 1: The above diagram is current as of December 31, 2018.
Note 2: [thick-bordered box] is Fullcast Holdings Co., Ltd., [solid box] is a consolidated subsolidaty, [dashed box] is a equity method affiliate.
Note 3: On Janunary 4, 2018, the Company acquired the shares of BOD Co., Ltd. and made it a consolidated subsidiary.
Note 4: On June 29, 2018, the Company established Fullcast Global Co., Ltd. to engage in the Short-Term Operational Support Business and made it a consolidated subsidiary.
Note 5: On June 29, 2018, the Company acquired shares of DeliArt Co., Ltd. and made it an equity method affiliate.
Note 6: On August 31, 2018, the Company acquired shares of Advancer Global Limited and made it an equity method affiliate.
Note 7: On August 31, 2018, the Company acquired the shares of Minimaid Service Co., Ltd. and made it a consolidated subsidiary.
Note 8: On Spetember 13, 2018, the Company established BOD Alpha Co., Ltd. to engage in the Short-Term Operational Support Business and made it a consolidated subsidiary.

4. Status of Affiliated Companies

Company	Location	Capital (mil. yen)	Major Business Activities	Voting shares (%)	Issues to be noted
(Consolidated subsidiary) Fullcast Co., Ltd. (Note 2, 5)	Shinagawa-ku, Tokyo	100	Short-Term Operational Support Business	100.0	- Provides services such as management advice, business outsourcing, and system leases - Concurrent directorates: 1 - Provides financial support: borrowing and lending operating capital
Top Spot Co., Ltd.	Shinagawa-ku, Tokyo	113	Short-Term Operational Support Business	100.0	- Provides services such as management advice, business outsourcing, and system leases - Concurrent directorates: 1 - Provides financial support: borrowing and lending operating capital
Work & Smile Co., Ltd.	Shinagawa-ku, Tokyo	80	Short-Term Operational Support Business	100.0	- Provides services such as management advice, business outsourcing, and system leases - Concurrent directorates: 1 - Provides financial support: borrowing and lending operating capital
Fullcast Senior Works Co., Ltd.	Shinagawa-ku, Tokyo	80	Short-Term Operational Support Business	100.0	- Provides services such as management advice, business outsourcing, and system leases - Concurrent directorates: 1 - Provides financial support: borrowing and lending operating capital
Fullcast Porter Co., Ltd.	Shinagawa-ku, Tokyo	80	Short-Term Operational Support Business	100.0	- Provides services such as management advice, business outsourcing, and system leases - Concurrent directorates: 1 - Provides financial support: borrowing and lending operating capital
Fullcast Global Co., Ltd.	Shinagawa-ku, Tokyo	80	Short-Term Operational Support Business	100.0	- Provides services such as management advice, business outsourcing, and system leases - Concurrent directorates: 1 - Provides financial support: borrowing and lending operating capital
Otetsudai Networks Inc.	Shinagawa-ku, Tokyo	50	Short-Term Operational Support Business	100.0	- Sublets a part of our rented building to this company for office use - Provides services such as management advice, business outsourcing, and system leases - Concurrent directorates: 1 - Provides financial support: borrowing and lending operating capital
BOD Co., Ltd.	Toshima-ku, Tokyo	20	Short-Term Operational Support Business	51.0	- Provide services such as management advice and system leases - Concurrent directorates: 1 - Provides financial support: borrowing and lending operating capital
BOD Alpha Co., Ltd.	Toshima-ku, Tokyo	20	Short-Term Operational Support Business	51.0 (51.0)	—
Minimaid Service Co., Ltd.	Shibuya-ku, Tokyo	30	Short-Term Operational Support Business	100.0	- Provides management advice service - Concurrent directorates: 1 - Provides financial support: borrowing and lending operating capital
F-PLAIN Corporation.	Minato-ku, Tokyo	80	Sales Support Business	78.2	- Provides management advice service - Concurrent directorates: 2
M’s Line Co., Ltd.	Minato-ku, Tokyo	1	Sales Support Business	78.2 (78.2)	—

FSP Co., Ltd.	Minato-ku, Tokyo	1	Sales Support Business	78.2 (78.2)	—
Fullcast Advance Co., Ltd. (Notes 5)	Shinagawa-ku, Tokyo	50	Short-Term Operational Support Business Security, Other Businesses	100.0	- Sublets a part of our rented building to this company for office use - Provides services such as management advice, business outsourcing, and system leases - Concurrent directorates: 1 - Provides financial support: borrowing and lending operating capital
Dimension Pockets Co., Ltd.	Nakijin Village, Kunigami-gun, Okinawa	136	Security, Other Businesses	67.0	- Provides management advice service - Concurrent directorates: 1 - Provide financial support: borrowing operating capital
Fullcast Business Support Co., Ltd.	Shinagawa-ku, Tokyo	9	Whole company	100.0	- Sublets a part of our rented building to this company for office use - Provide services such as business outsourcing and system leases - Provides financial support: borrowing and lending operating capital
(Equity method affiliate) Beat Co., Ltd	Yokohama-shi, Kanagawa	50	Business process outsourcing Worker dispatch business	30.0	- Concurrent directorates: 1
DeliArt Co., Ltd	Chiyoda-ku, Tokyo	43	Worker dispatch business;	20.0	—
Advancer Global Limited	Singapore	10,000 Singapore dollars 1,838	Employment services Facility management services	25.8	- Concurrent directorates: 1

Notes: 1. The “Major Business Activities” category follows the business segment classification
2. Specified subsidiary
3. The ownership ratio of voting rights indicated in parentheses represents the ratio of voting rights held indirectly
4. None of the companies listed above have submitted securities registration statements or securities reports
5. Sales by Fullcast Co., Ltd. and Fullcast Advance Co., Ltd. account for over 10% of consolidated sales (Excluding internal sales among consolidated companies)

Key Information about Profit and Loss (Million yen)

	Fullcast Co., Ltd.	Fullcast Advance Co., Ltd.
Sales	26,157	4,009
Ordinary income	4,002	196
Net income	2,741	125
Net assets	2,849	517
Total assets	6,508	1,127

5. Number of Employees

(1) Status of Consolidated Companies

(As of December 31, 2018)

Name of Segment	Number of Employees	
Short-Term Operational Support Business	776	[781]
Sales Support Business	65	[93]
Security, Other Businesses	52	[21]
Company-wide (Shared)	120	[215]
Total	1,013	[1,110]

Notes:
1. “Number of employees” is the number of employees engaged in work, and the approximate average annual number of temporary employees is listed within parentheses.
2. The number of employees listed as “Company-wide (shared)” indicates the number of employees who belong to administrative departments who cannot be assigned to specific business segments.
3. In the Short-Term Operational Support Business, the number of employees and temporary employees increased increased by 379 and 270 respectively compared to the end of the previous fiscal year. This change is mainly attributed to an increase in new and mid-career hires, an increase in part-time workers hires, and the consolidation of BOD Co., Ltd. and Minimaid Service Co., Ltd.

(2) Status of the Submitting Company

(As of December 31, 2018)

Number of employees	Average Age (Years old)	Average Length of Employment (Years)	Average Annual Salary (Thousand yen)
87 [209]	37.2	9 years and 4 months	5,129

Notes:
1. “Number of employees” is the number of employees engaged in work, and the approximate average annual number of temporary employees is listed within parentheses.
2. “Average annual salary” includes bonuses and additional wages
3. The Company's employees mainly perform management and planning related to the Fullcast Group, and they are included in the Company-wide (shared) category
4. The main reason for the increase in the number of temporary employees of 35 in the current fiscal year is attributed to the impact of the increased hiring of part-time workers to reinforce operational systems for the part-time worker payroll management service

(3) Status of Labor Unions

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

Part 2: State of Business

1. Management Policy and Environment, and Issues to Be Addressed

(1) Fundamental Management Policies

Our Group considers the “sustained improvement of corporate value” to be one of its most important management issues.

We manage our business by focusing upon capital efficiency and identify ROE as a target indicator to reflect “improvement of corporate value” with the goal of realizing ROE in excess of our capital cost, which represents the expected returns by shareholders and investors from our Company.

(2) Target Management Indicators

Our Group will endeavor to maximize corporate value by striking a balance between profitability and growth. At the same time, our management will endeavor maintain a solid financial standing and implement strategies that focus upon capital efficiency. Also, we maintain a goal of realizing a debt-to-equity ratio target of no more than 0.5 times to maintain appropriate debt levels that will enable us to make investments necessary to secure growth, while at the same time maintaining financial soundness. The Fullcast Group also seeks to achieve ROE of 20% or higher as a target indicator of “improvement of corporate value.”

* The Company defines ROE calculated based upon net income attributable to Fullcast Holdings Co., Ltd. excluding the influence of income taxes-deferred arising from recording of deferred tax assets for losses carried forward as “adjusted ROE,” which is a target indicator of achieving “sustainable improvement of corporate value.” Given that deferred tax assets were eliminated in the fiscal year ended December 2018, adjustments will not be made for these influences in the fiscal year ending December 2019 and thereafter.

(3) Medium to Long Term Management Strategies

With the highest priority assigned to compliance as the basic assumption of our management, we are working to establish an operating foundation capable of achieving sustained growth by focusing upon our “Short-Term Operational Support Business” and by ensuring that our group wide corporate governance leverages the functionality of our holding company.

According to the “Medium-Term Management Plan (FY16–FY20)” that began in fiscal year ended December 2016, our Company seeks to achieve a new record high level of profits* by fiscal 2020, the final year of the Medium-Term Management Plan, based upon initiatives giving priority to further strengthening the Short-Term Operational Support Business and expanding the Security Business, along with establishing a foundation for reviewing new businesses and preparing for global expansion as secondary initiatives. As a result, in the fiscal year under review, our Company achieved the operating income target of 5 billion yen set for the final fiscal year of the Medium-Term Management Plan two years ahead of schedule, and reviewed the plan for the fiscal year ending December 2019 to the fiscal year ending December 2020.

The Company will review numerical targets for net sales and profits, but will not make changes to the plan’s underlying assumptions, management strategy, and target levels for main management indicators.

* Operating income of 4.72 billion yen recorded in the fiscal year ended September 2006

(4) Key Management Issues

The Group formulated the Medium-Term Management Plan (FY16–FY20) that began in the fiscal year ended December 2016 in order to realize “improvement of corporate value,” and the Company has been implementing this plan.

As a result, in the fiscal year under review, the Company achieved the operating income target of 5 billion yen set for the final fiscal year of the Medium-Term Management Plan two years ahead of schedule, and reviewed the plan for the fiscal year ending December 2019 to the fiscal year ending December 2020.

In the fiscal year ending December 2019, the first fiscal year after this review, the Company will aim for further business growth under the main management task “Expand Short-Term Operational Support Business and promote to cultivate and gain new business opportunities in neighboring business fields.”

1) Sustained Improvement of Corporate Value

As stated in "Part 2: State of Business 1. Management Policy and Environment, and Issues to be Addressed (1) Fundamental Management Policies," we consider the "sustained improvement of corporate value" as one of our most important management issues. Accordingly, we will manage our businesses by focusing upon capital efficiency through the maintenance of an appropriate level of shareholder equity while at the same time continuing to return profits to shareholders. In addition, we seek to realize further expansion of profits in the "Placement" and "BPO" services, which are the main businesses of our Group.

In the future, we will continue to promote rationalization as a means of fortifying our management structure, while at the same time assigning the highest priority to compliance. We also seek to further increase the confidence of all stakeholders in our Company.

2) Review of the Medium-Term Management Plan (FY16–FY20)

Our Group is reviewing the planned figures for the fiscal year ending December 2019 to the fiscal year ending December 2020 of the Medium-Term Management Plan, considering the results of the fiscal year ended December 2018, the third year of the plan.

The Company will review numerical targets for net sales and profits, but will not make changes to the basic policy and main strategies of the Medium-Term Management Plan.

Result of 3rd Year (FY12/18) of the Medium-Term Management Plan

	FY12/20 Targets	FY12/18 Results	Achievement Rate
Operating income	5.0 billion yen	5.9 billion yen	118.7%
Number of operating workers (Persons)	257,400	266,421	103.5%
Gross profit per 1 yen of personnel costs	2.8 yen	2.6 yen	91.8%

Notes:
1. The target number of operating workers under the Medium-Term Management Plan represents the unique number of persons employed in services excluding "BPO" of Fullcast Co., Ltd. and Top Spot Co., Ltd.
2. The number of operating workers for the fiscal year ended December 2018 represents the unique number of workers employed in services other than "BPO" services in the Short-Term Operational Support Business of Fullcast Co., Ltd., Top Spot Co., Ltd., Work & Smile Co., Ltd., Fullcast Senior Works Co., Ltd., Fullcast Porter Co., Ltd., Fullcast Global Co., Ltd., and Fullcast Advanced Co, Ltd.
3. Gross profit per 1 yen of personnel costs, which is used as an indicator of the Group's productivity, is below the target amount for the fiscal year ending December 2020, but this indicator exceeds this target when excluding the impact of BOD Co., Ltd. becoming a new subsidiary.

(Reference)

An overview of the review of "Medium-Term Management Plan (FY16–FY20)" is presented below.

a) Numerical Targets

	FY12/18 Results	FY12/19 Targets	FY12/20 Targets
Operating Income	5.9 billion yen	6.8 billion yen	7.9 billion yen
Ordinary Income	5.3 billion yen	6.9 billion yen	8.0 billion yen
Number of Operating Workers	266,421	293,000	320,000
Gross Profit per 1 Yen of Personnel Costs	2.6 yen	2.6 yen	2.6 yen

b) Main Management Indicators

As follows, changes will not be made.

Indicator used to realize our vision of "enhancing sustained corporate value": Maintain ROE above 20%

Indicator for shareholder returns: Total return ratio of 50%

Indicator underpinning our "Basic Policy on Capital": D/E ratio of less than 0.5x

We seek to achieve the above target indicators to realize our vision of "sustained enhancement of corporate value"

* Net income used for ROE and total payout ratio was net income attributable to Fullcast Holdings Co., Ltd. excluding the influence of income taxes-deferred arising from the recording of deferred tax assets for losses carried forward (Adjusted net income), but given that deferred tax assets were eliminated in the fiscal year ended December 2018, adjustments will not be made for these influences in the fiscal year ending December 2019 and thereafter.

c) Applicable period, management philosophy and targets, and strategy to achieve targets of the final year of the Medium-Term Management Plan

Changes will not be made

3) Business Targets for the Fiscal Year ending December 2019

The Fullcast Group has established a goal of "Expand Short-Term Operational Support Business and promote to cultivate and gain new business opportunities in neighboring business fields" for the fiscal year ending December 2019. Our Group will implement the following measures in the fiscal year ending December 2019 in order to achieve further business growth by boosting sales across the entire Fullcast Group through expanding the core service of Short-Term Operational Support Business and by promoting to cultivate and gain in neighboring business fields for reaping new opportunities. Also, we will reinforce continue promotion of efforts to enhance productivity by streamlining operations Group-wide.

a) Expand Short-Term Operational Support Business

• Our Group will continue opening new offices to create new business locations (ca. 10 locations/year)

• Our Group will capture short-term demand from the Rugby World Cup and the Tokyo Olympics

•Our Group will improve BPO service menu and promote sales

b) Improve Recruitment Efficiency and Staff Utilization Rates

• Our Group will continue to implement reviews of the allocation of investments in recruitment expenses.

• Our Group will expand sharing of staff and orders across the entire Group

• Our Group will replace existing matching system

c) Further Strengthen Group Synergies

• Our Group will promote joint operations with BOD Co., Ltd.

• Our Group will strengthen recruiting and human support for Minimaid Service Co., Ltd.

• Our Group will establish and nurture a joint venture with Advancer Global Limited

2. Risks Associated with Our 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, descriptions of risks may also include matters that do not necessarily fall under the category of business risks, but which may be regarded as important factors for investors in making investment decisions or understanding our Group's business activities. Our 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 potential risk factors which may occur in the future, and they are based on our best judgments as of the date of reporting of these financial statements.

(1) Fullcast Group's Policy for Business Growth

We endeavor to raise our competitive position by strengthening corporate governance, promoting speed in our strategic decision-making process and implementing various strategies by our management. However, should decisions and implementation take longer than anticipated and the contribution to our earnings does not proceed as planned, our Group’s earnings could be negatively impacted.

Within the Short-Term Operational Support Business, the Company engages in both “Part-Time Worker Placement” and “Part-Time Worker Payroll Management” services and others in response to the Revised Worker Dispatching Act implemented on October 1, 2012. In addition, as new services, we provide BPO services such as the Fullcast Holdings Co., Ltd. (4848) Financial Statement and Results for the FY 2018 My Number Management service,” “Year-End Tax Adjustment Management service,” and others. Following the acquisition and consolidation of BOD Co., Ltd. on January 4, 2018, the Company began providing BPO in services, such as data entry, order management contracting, credit screening agency services, invoice agency and processing services, payment management operations, order management, and book keeping and accounting contracting. Also, following the acquisition and consolidation of Minimaid Service Co., Ltd. On August 31, 2018, the Company began providing “Housekeeping services.” If these business earnings do not progress according to forecasts, the performance of the Group could potentially be adversely affected.

In the Sales Support Business, the Company engages in sales support of telecommunications products and call center operations. If business revenue is not generated according to forecasts, or if large sums must be invested, or if the appeal of the products sold deteriorates, the Company and the Group’s business results could be adversely affected.

In addition to reinforcing existing businesses with a view to the future, our Group has the potential to launch new business ventures through the establishment of new companies, M&A and business tie-ups, and other means. However, there are many elements of uncertainty surrounding new business ventures, and in cases where the initially expected synergies are not achieved and business profit does not meet forecasts due to changes in the business environment surrounding the Group or changes in legal regulations related to new business ventures, the performance of our Group could be adversely affected.

In addition, due to the acquisition of overseas companies, the Group bears exchange risks, risks related to local regulations applied to businesses of acquired companies, and country risks. If these risks are realized, they may adversely affect the Group's business results and financial condition.

In addition, we maintain a policy of selling shares in affiliates or marketable securities of companies which cease to provide synergies with our Group’s various 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

1) Changes in Legal Regulations

If laws and other related ordinances applied to business operations of the Fullcast Group are revised or legal interpretations modified due to changes in societal conditions surrounding the labor market, these revisions or new legal interpretations could adversely affect the business performance of the Fullcast Group. Applicable laws include the Worker Dispatching Act, Labor Standards Act, Employment Security Act, Industrial Accident Compensation Insurance Act, Health Insurance Act, Employees Pension Insurance Act, the Act on the Use of Numbers to Identify a Specific Individual for Administrative Procedures (My Number Act) and Immigration Control and Refugee Recognition Act (Immigration Control Act).

2) Part-Time Employment Placement Business

Our Group provides paid-for employment placement services under the license of Minister of Health, Labor and Welfare and in accordance with the Employment Security Act. This license is valid for 5 years. When renewal of the license becomes necessary but is not granted because we fail to 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, the subsequent inability to continue to provide our services could seriously impact the performance of our Group.

3) 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. This license is valid for 5 years, and if it cannot be renewed when required because of non-compliance with the licensing requirements of Article 7, or if there are any violations of relevant laws and regulations, or if there are grounds to disqualify our license as prescribed in Article 6, or if there are grounds to cancel our license as prescribed in Article 14, our Group could become subject to disqualification, our license could be cancelled or orders to suspend or halt our operations could be issued.

Our Group is committed to compliance and risk management to prevent any violation of acts and ordinances. However, if our licenses are cancelled or if other measures are taken in response to other issues in the future, we may be unable to continue providing worker dispatching services and our Group's business performance could be seriously impacted.

4) Various Management Services including Part-Time Worker Payroll Management Service

Because our Group conducts outsourcing services independent of the contracting client company based upon an outsourcing agreement, we may become liable for damages caused by incompletion of outsourcing services or delays in reporting. Depending upon the amount to be paid for damages, our Group’s earnings could be negatively impacted if we cannot absorb these costs through increased efficiencies of our overall operations and other cost cutting measures.

5) Onsite Subcontracting Service

As an onsite subcontracting service provider based on subcontracts, our Group completes its subcontracting services independently and directly at the client company of said contracts. In carrying out the work involved, we follow commonly accepted practices (As defined in Notice No. 37 of 1986 by Japan’s Ministry of Health, Labor and Welfare) that separates and distinguishes between the employee dispatching and the subcontracting services and other relevant laws and regulations.

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

6) Sharing of Social Insurance Contributions

On October 1, 2016, the scope of health insurance and employees’ pension insurance (Social insurance) was expanded to include short-term workers. The impact of this legal revision on consolidated earnings is minimal, but if legal revisions further expand the scope of social insurance and employment insurance in the future, or if the number of employees enrolled in social insurance increases due to growth in the worker dispatch or outsourcing businesses owing to the prolonged need for short-term human resources arising from chronic labor shortages at customer companies, the amount of social insurance premiums borne by the Company will increase. Also, this could lead to an increase in the number of cases requiring procedures for obtaining or losing coverage qualifications, which in turn could increase costs for administrative work. 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 affected.

(3) Managing the Database on Client Firms and Staff

Our Group always 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 experiences by job classification, as well as similar information regarding our clients.

To be prepared for the potential for a malfunction in servers, our Group makes backup databases and the servers themselves are operated in redundant configuration using 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, our Group's operations could be seriously impeded and our earnings may be negatively affected.

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 contribute to reductions in their contribution to sales and profits growth.

To appropriately manage personal information and other data, we endeavor to prevent unauthorized access, 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 significantly affected by potential security breaches of personal information, and our Group could lose the trust of the public and become subject of claims for damages.

(4) Workplace Accidents and Transaction Related Trouble

1) Part-Time Worker Placement Service

In the process of selecting staff members applying for jobs, the client company may file a suit against us for breach of contract or demand other compensation in the event that our Company selects and places staff members who do not meet the recruitment requirements of the client company due to our negligence. Although our Group has a compliance systemunder which ensures personnel in charge of legal affairs can handle various legal risks, our performance may be seriously affected by accidents depending upon their nature and the amount of money involved.

2) Employee Dispatching Service

In the event that a staff member is injured, becomes ill or dies during the course of performing work tasks or due to causes attributable to work at the dispatched workplace, 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 fortifies staff awareness of safety by promoting occupational health and safety training, as well as by providing safety equipment and bulletins for on-the-job vigilance to prevent injury and illness. To provide better worker protection, our Group maintains an insurance program to pay agreed claims as 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 secure safety and assume responsibility for any activity which is beyond the bounds of those stipulated in labor contracts.

In addition, our Group could be sued or pressured to make other payments on allegations of staff negligence, for violations of contracts with clients or for illegal activities of staff members in the course of performing services at the dispatched workplace. Although our Group maintains a compliance system that is designed to ensure personnel in charge of legal affairs effectively handle various legal risks, our performance may be seriously affected 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 motivation. However, the loss of a greater than expected number of personnel could adversely influence the various business segments of our Group.

(6) Other Businesses (Hotel and Restaurant Business) under Security, Other Businesses

Fullcast Group operates hotels and restaurant services as part of our other businesses within the Security, Other Businesses segment. Therefore, if the following business related risks are realized, they may adversely affect the Group's business results.

1) Occurrence of Natural Disasters and Pandemics

The occurrence of a natural disaster such as large scale earthquakes or typhoons could damage buildings and facilities operated by our Group and could cause our Company to bear expenses for repair work or suffer a loss of sales from a temporary shutdown of operations. In addition, the occurrence or pandemic spread of diseases such as a new form of influenza, SARS, or other diseases could result in restrictions on long distance travel and group activities, causing adverse effects on our Group's business performance.

2) Outbreak of Terrorism or War

Changes in the global situation due to the outbreak of terrorism or international warfare are expected to result in a drop in foreigner customers due to voluntary cutbacks on international travel and damping of consumer appetite for leisure and celebratory events, which could impact the Group's business performance.

3) Problems Related to Food Safety

The Company pays sufficient attention to food safety and the labeling of consume by dates, best if eaten by dates, origins, and ingredients on a daily basis. If an incident of food poisoning occurs or if labeling is incorrect, this could lead to a loss of trust in the Company and impact the Group's business performance.

4) Leakages of Personal Information or Trade Secrets

The management of customers' personal information and trade secrets is primarily the responsibility of information management and monitoring departments within our Company. While measures have been put in place to prevent leakages externally, if a leakage does occur it could cause a loss of trust in our Group, weaken our brand, and result in claims for damages, which could affect the Group's business performance.

5) Legal Regulations

The hotel and restaurant businesses being performed as the other business services within the Group's security and other businesses segment are subject to the legal regulations of the Inns and Hotels Act, the Building Standards Act, the Fire Services Act, and the Food Sanitation Act among others. The Group strives to comply with these laws and regulations. However, in the event that these regulations are reinforced or revised, or new regulations are established, there is a possibility of incurring costs required for compliance with such regulations and having restrictions placed on operations due to these regulations, which could affect the Group's business performance and its financial condition.

6) Impairment of Plant, Property and Equipment

The Group owns real estate such as land, buildings and facilities as plant, property and equipment due to the special characteristics of operating hotels and restaurants as other business services within the security, other businesses segment. There is a possibility that these owned assets will require impairment treatment in cases where the profitability of the facility deteriorates or the market value falls as defined by the"Accounting Standard for Impairment of Fixed Assets" and the"Application Guidelines for Accounting Standards Pertaining to the Impairment of Fixed Assets". In such cases, the Group's business performance and its financial condition could be affected.

7) Interest Bearing Debt

Our Group undertakes investments mainly for the establishment of new hotel and restaurant facilities or for the remodeling of existing facilities in order to increase corporate value through the expansion of its business foundation and earnings generating capabilities over the medium to long term. Going forward, if borrowings are increased to undertake capital investments related to the remodeling of existing facilities or the development of new facilities, there is a possibility the Group's financial conditions could change.

8) Risk of Interest Rate Fluctuations

Our Group borrows funds from financial institutions and part of these borrowings is funded using variable interest rates. If interest rates change suddenly and considerably, the Company's interest expenses may increase, which could affect the Group’s financial condition.

(7) Exchange Risk

The Group assumes foreign exchange risk because it receives remittances in the local currency when converting transactions denominated in a foreign currency, including dividend incomes from overseas affiliated companies. As a general rule, the financial statements of overseas affiliates are prepared in local currency and converted into yen when preparing consolidated financial statements. Therefore, even if the value in local currency does not change with the exchange rate at the time of closing, the value after the conversion to yen may affect the Group's business results and financial statements.

3. Analysis of Financial Position, Operating Results and Cash Flow Status by Management

(1) Performance Overview

A summary of the Group's (The Company, its consolidated subsidiaries, and equity method affiliates) financial position, operating results, and cash flow status (Hereinafter, "operating results, others") in the current fiscal year is presented below.

1) Financial Position and Operating Results

During the fiscal year under review, Japan's economy continued to undergo a gradual recovery on the back of the continued recovery in personal consumption, in addition to the Government's economic and monetary stimulus measures which helped to improve corporate profits and employment conditions, and resulted in increases in capital investment despite a slowing in the pace of rising consumer prices. Economic conditions are expected to continue to improve steadily in the future based on the outlook for sustained improvements in employment and income conditions, as well as the effects of various Government stimulus policies. However, the impact that trade issues have on the world economy, the effects of the outlook for emerging economies in China and other countries in Asia, uncertainties arising from the impact of government policies, and volatility in financial and capital markets still represent risks of downward pressure on business. Therefore the economic horizon continues to be clouded with these and other various uncertainties.

With regard to the operating environment surrounding the staffing service industry, the current outlook suggests that employment conditions will continue to improve, as the job offers-to-applicants ratio and the new job offer ratio both remain at high levels despite a flattening of growth in their rate of improvement. Also, the number of workers and employment rate are both increasing, and there has been a moderate improvement in the number of unemployed.

Against this backdrop, the Fullcast Group implemented group management activities with our goal of "Achieving record high profits by reinforcing Group synergies and further increasing productivity" during the current fiscal year. In particular, marketing activities were implemented with an emphasis on boosting overall profitability of the Fullcast Group by focusing on the mainstay "Part-Time Worker Placement" (Hereinafter referred to as "Placement") and "Part-Time Worker Payroll Management" services, as well as the "My Number Management", "Year-End Tax Adjustment Management" and business process outsourcing services provided by BOD Co., Ltd. (Hereinafter referred to as "BPO"). In addition, efforts are being made to create a structure to realize higher profits by increasing productivity and promoting operational efficiencies across the entire Fullcast Group.

a. Operating Results

Consolidated net sales increased by 21.2% year-on-year to 38,852 million yen, due mainly to growth in "BPO" from the inclusion of the results of BOD Co., Ltd., in addition to higher sales of the existing core services of "Placement" and "BPO" throughout the year in the Short-Term Operational Support Business, a mainstay business.

In terms of profits, consolidated operating income increased by 33.3% year-on-year to 5,896 million yen, due mainly to an increase in sales in the Short-Term Operational Support Business.

In contrast to the increase in consolidated operating income, consolidated ordinary income increased by 20.0% year-on-year to 5,286 million yen because we posted an impairment loss (Share of loss of entities accounted for using equity method) associated with a decline in the share value of Advancer Global Limited, an affiliate under the equity method.

Net income attributable to Fullcast Holdings Co., Ltd. increased by 10.6% year-on-year to 3,310 million yen, because the tax burden in the current fiscal year increased after the amount of loss carried forward was eliminated in previous fiscal year and because a gain on step acquisitions of 167 million yen was posted in the previous fiscal year.

Our Group considers the "sustained improvement of corporate value" to be one of its most important management issues. We manage our business by focusing upon capital efficiency and identify ROE as a target indicator to reflect "improvement of corporate value" based on the goal of realizing ROE in excess of our capital cost, which represents the expected returns by shareholders and investors from our Company. The Group targets ROE of 20% or higher (Hereinafter referred to as "adjusted ROE"), which is derived from net income attributable to Fullcast Holdings Co., Ltd. excluding the influence of adjusted income tax arising from the recording of deferred tax assets for losses carried forward (Hereinafter referred to as “adjusted net income”).

Although ROE at the end of current fiscal year was 28.4%, adjusted ROE was 29.0%, a decline of 3.5% points from 32.5% at the end of the previous fiscal year, but continue to realize 20% adjusted ROE.

The Group acquired the shares of BOD Co., Ltd. on January 4, 2018, making it a consolidated subsidiary. In addition, the Company acquired all shares of Minimaid Service Co., Ltd. on August 31, 2018, making it a consolidated subsidiary. Furthermore, on June 29, 2018, the Group established a new company called Fullcast Global Co., Ltd. to provide staffing services mainly for foreign nationals, in order to provide diverse employment opportunities in which anyone can work with peace of mind. This company is a consolidated subsidiary and began operations on October 1, 2018.

In the second quarter, BOD Co., Ltd. changed its settlement date to December 31, and as consequently became the same as our consolidated account settlement date. Financial statements were prepared based on a provisional settlement conducted by BOD Co., Ltd. as of the consolidated settlement date. Therefore, this change does not have any impact on consolidated financial statements. Also, the final day of the business year of all other consolidated subsidiaries match the consolidated account settlement date.

Results by Business

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

i) Short-Term Operational Support Business

Net sales of the “Short-Term Operational Support Business” increased by 25.8% year-on-year to 33,417 million yen, due mainly to growth in “BPO” arising from the inclusion of earnings of BOD Co., Ltd., in addition to higher net sales of the existing mainstay services of “Placement” and “BPO” amid sustained strong demand for hiring among client companies throughout the year.

In terms of profits, segment profit (Operating income) increased by 35.2% year-on-year to 6,597 million yen due mainly to an increase in sales of existing mainstay services.

ii) Sales Support Business

Net sales of the “Sales Support Business” declined by 7.9% year-on-year to 3,313 million yen, due to slow sales of telecommunications products throughout the year.

In terms of profits, segment profit (Operating income) declined by 46.5% year-on-year to 137 million yen because of the decline in net sales.

iii) Security, Other Businesses

Net sales of the “Security, Other Businesses” increased by 10.8% year-on-year to 2,122 million yen, due mainly to an increase in the number of long-term security projects in the “Security Business”, the core service of this segment.

In terms of profits, segment profit (Operating income) increased by 55.9% year-on-year to 181 million yen due mainly to sales activities focused on raising profitability in the “Security Business” and improvements in gross margin by securing high profit margin long-term security projects, in addition to efforts to restrain SG&A expenses ratio.

b. Financial Position

i) Liquidity

With regard to assets, current assets increased by 122 million yen from the end of the previous fiscal year to 14,175 million yen at the end of the current term. This increase is attributed mainly to increases in notes and accounts receivable-trade of 1,060 to 5,195 million yen, in supplies of 24 to 45 million yen, and in goods of 18 to 23 million yen, versus declines in cash and deposits of 904 to 8,467 million yen and in deferred tax assets of 89 to

148 million yen.

With regard to liabilities, current liabilities increased by 1,193 million yen from the end of the previous fiscal year to 5,820 million yen at the end of the current fiscal year. This increase is attributed mainly to increases in accounts payable-other of 460 to 1,411 million yen, in income taxes payable of 250 to 984 million yen, in accrued consumption taxes of 201 to 889 million yen, in accrued expenses of 166 to 1,031 million yen, as well as an increase in current liabilities-other of 100 to 360 million yen which was caused by increases in suspense receipt of 52 to 57 million yen, social insurance deposits of 31 to 189 million yen.

As a result of the above factors, consolidated operating capital (Current assets − current liabilities) decreased by 1,071 million yen from the end of the previous fiscal year to 8,356 million yen, and the consolidated current ratio (Current assets ÷ current liabilities × 100) decreased to 243.6% from 303.8% at the end of the previous fiscal year.

ii) Capital Expenditures

Capital investments in the current fiscal year increased by 105 million yen year-on-year to 298 million yen. Major investments included the purchase of land of 117 million yen, the acquisition of property, plant and equipment associated with the opening of new and relocation of existing sales offices of 75 million yen, the acquisition of property, plant and equipment associated with the purchase of servers and system equipment of 37 million yen, and the acquisition of intangible assets associated with the purchase of various software for use within the Company of 58 million yen.

The Company does not have any concrete plans for capital investments during the fiscal year ending December 31, 2019 at this point.

iii) Interest-Bearing Debt

The total value of interest-bearing debt at the end of the current fiscal year decreased by 23 to 1,253 million yen. This was mainly due to an decrease in interest-bearing debt of the subsidiary Dimension Pocket Co., Ltd. repayment of bank loans.

iv) Net Assets

Net assets at the end of the current fiscal year stood at 13,049 million yen, representing an increase of 1,710 million yen from the end of the previous fiscal year. This increase is attributed to a rise in retained earnings of 2,253 million yen due to the realization of 3,310 million yen as net income attributable to Fullcast Holdings Co., Ltd., and despite dividends paid from retained earnings of 1,057 million yen during the current fiscal year, and there was an increase in treasury shares of 682 million yen associated with the acquisition of treasury shares related to settlement for the fiscal year ended December 2017.

As a result of these events, our debt equity ratio (Interest-bearing debt ÷ equity capital (note) × 100) decreased from 11.7% at the end of the previous fiscal year to 10.0%, and equity ratio (Interest-bearing debt ÷ equity × 100) decreased from 64.6% at the end of the previous fiscal year to 62.8%.

(Note) Equity capital = (total of the net assets section) - (share acquisition rights) - (non-controlling interests)

v) Basic Policy Concerning Profit Allocation

We maintain a policy of enhancing returns of profits to shareholders with a target of achieving total return ratio of 50%.

We will implement shareholder returns with a target of achieving total return ratio of 50% by enhancing profitability and further improving management efficiencies, in addition to offering dividends and share buybacks. This will also enable us to achieve ROE of 20% or higher, which is an indicator used for “improvement of corporate value.”

Furthermore, net income attributable to Fullcast Holdings Co., Ltd. used as the basis for calculating ROE and total return ratio is net income attributable to Fullcast Holdings Co., Ltd. excluding the effects of income taxes-deferred associated with the booking of deferred tax assets for the losses carried forward (Hereinafter, "adjusted net income"). Given that deferred tax assets were eliminated in the fiscal year ended December 2018, adjustments will not be made for these influences in the fiscal year ending December 2019 and thereafter.

Fullcast has established a basic policy of offering a dividend from surpluses twice a year, comprised of interim and year-end dividends. The decision-making body for the dividend is the Board of Directors for both the interim and year-end dividends.

For this fiscal year, excluding an impairment loss (Share of loss of entities accounted for using equity method) associated with a decline in the share value of Advancer Global Limited (An affiliate under equity method), a dividend of 32 yen per share, a 6 yen increase from the previous year and 2 yen increase from forecast, will be paid with the goal of achieving a total return ratio of 50% to adjusted net income. At the end of the fiscal year, a dividend of 18 yen per share will be offered and share repurchases totaling up to 827 million yen will be conducted through a partial tender offer in addition to market purchases. As a result, the total return ratio relative to adjusted net income for the fiscal year ended December 2018 is expected to be 60.0% or higher.

According to our Articles of Incorporation, our Company can determine an interim dividend as prescribed in Article 454-5 of the Companies Act.

2) Cash Flows

Outstanding cash and cash equivalents (Hereinafter referred to as "funds") at the end of the current fiscal year decreased by 904 million yen (An increase of 2,409 million yen in the previous fiscal year) from the end of the previous fiscal year, and the balance at the end of this fiscal year was 8,467 million yen.

(Cash Flows From Operating Activities)

Funds provided by operating activities were 4,474 million yen (Net cash inflow of 3,901 million yen in the previous year) due to income before income taxes and minority interests of 5,301 million yen, share of loss of entities accounted for using equity method of 620 million yen, depreciation of 224 million yen, an increase in notes and accounts payable-trade of 213 million yen, amortization of goodwill of 160 million yen, an increase in accrued consumption tax of 152 million yen, and an increase in accrued enterprise tax of 126 million yen, which offset income taxes paid of 1,772 million yen and an increase in accounts receivable of 593 million yen.

(Cash Flows From Investing Activities)

Funds used in investing activities were 2,870 million yen (Net cash outflow of 187 million yen in the previous year) due to purchase of investment securities of 2,211 million yen and for the purchase of shares of subsidiaries resulting in change in scope of consolidation of 733 million yen.

(Cash Flows From Financing Activities)

Funds used in financing activities were 2,508 million yen (Net cash outflow of 1,306 million yen in the previous year) due to dividends paid of 1,056 million yen, repayments of long-term loans payable of 762 million yen, and purchase of treasury shares of 685 million yen.

3) State of Production, Orders Received and Sales

a. Results of Production and Orders Received

Our 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 do not display the scope of orders received as a monetary amount.

b. Sales Performance

Name of Segment	FY12/18 (January 1 to December 31, 2018) (Million yen)	Change from the previous year (%)
Short-Term Operational Support Business	33,417	25.8
Sales Support Business	3,313	(7.9)
Security, Other Businesses	2,122	10.8
Total	38,852	21.1

Note: 1. Consumption tax is not included in the amounts listed above.
2. Elimination is performed for intersegment transactions.

(2) Awareness, Analysis and Review of Status of Operating Results, Others from the Perspective of Management

Our awareness, analysis and review of status of operating results, others from the perspective of management is presented below.Note that 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) Significant Accounting Policies and Estimates

The Group’s consolidated financial statements are prepared based on accounting standards generally accepted in Japan. The preparation of these consolidated financial statements requires the adoption of accounting policies and estimates by management which affects on the booking and disclosure of assets, liabilities, profits and costs. Management determines these estimates in a reasonable manner taking into account past performance, but actual results may differ from these estimates due to their uncertainty.

Significant accounting policies adopted for the Group’s consolidated financial statements appear in “Part 5. Financial Conditions, 1. Consolidated Financial Statements, (1) Consolidated Financial Statements, Notes on Consolidated Financial Statements (Significant Accounting Policies in the Preparation of the Consolidated Financial Statements).”

2) Awareness, Analysis and Review of Status of Operating Results, Others for the Current Fiscal Year

a. Operating Results, Others

i) Net Sales

Consolidated net sales increased by 21.2% year-on-year to 38,852 million yen, due mainly to growth in “BPO” from the inclusion of the results of BOD Co., Ltd., in addition to higher sales of the existing core services of “Placement” and “BPO” throughout the year in the Short-Term Operational Support Business, a mainstay business. We explain our results by business segment below.

• Short-Term Operational Support Business

Net sales of the “Short-Term Operational Support Business” increased by 25.8% year-on-year to 33,417 million yen due mainly to growth in “BPO” arising from the inclusion of the earnings of BOD Co., Ltd. and higher net sales of the existing mainstay services of “Placement” and “BPO” amid sustained strong demand for hiring among client companies throughout the year.

• Sales Support Business

Net sales of the “Sales Support Business” declined by 7.9% year-on-year to 3,313 million yen due to slow sales of telecommunications products throughout the year.

• Security, Other Businesses

Net sales of the “Security, Other Businesses” increased by 10.8% year-on-year to 2,122 million yen, due mainly to an increase in the number of long-term security projects in the “Security Business”, the core service of this segment.

ii) Operating Expenses and Income

Cost of sales increased 2,812 million yen from the previous fiscal year to 22,196 million yen (An increase of 14.5% year-on-year), while the cost of sales ratio declined 3.3% points from 60.5% in the previous fiscal year to 57.1%. Selling, general and administrative expenses increased by 2,503 million yen from the previous fiscal year to 10,760 million yen (An increase of 30.3% year-on-year) while the ratio to net sales increased by 1.9% points from 25.8% in the previous fiscal year to 27.7%. As a result, operating income increased by 1,472 million yen from the previous fiscal year to 5,896 million yen (An increase of 33.3% year-on-year). We explain our results by business segment below.

• Short-Term Operational Support Business

In terms of profits, segment profit (Operating income) increased by 35.2% year-on-year to 6,597 million yen due mainly to an increase in sales of existing mainstay services.

• Sales Support Business

In terms of profits, segment profit (Operating income) declined by 46.5% year-on-year to 137 million yen because of the decline in net sales.

• Security, Other Businesses

In terms of profits, segment profit (Operating income) increased by 55.9% year-on-year to 181 million yen due mainly to sales activities focused on raising profitability in the “Security Business” and improvements in gross margin by securing high profit margin long-term security projects, in addition to efforts to restrain SG&A expenses ratio.

iii) Non-Operating Income and Ordinary Income

Non-operating income increased from an 18 million yen loss (net) in the previous fiscal year to a 610 million yen loss (net) because of an impairment loss (Share of loss of entities accounted for using equity method) associated with a decline in the share value of Advancer Global Limited, an affiliate under the equity method. Ordinary income increased by 879 million yen from the previous fiscal year to 5,286 million yen (An increase of 20.0% year-on-year) mainly due to the increase in operating income.

iv) Extraordinary Income and Losses, and Income before Taxes and Minority Interests

Net extraordinary income was 15 million yen. As a result, income before taxes and minority interests totaled 5,301 million yen(An increase of 17.9% year-on-year).

v) Income Taxes and Net Income

Income taxes after tax-effect accounting is applied increased by 467 million yen from the previous fiscal year to 1,940 million yen, and net income totaled 3,361 million yen (An increase of 11.1% year-on-year).

vi) Net Income Attributable to Fullcast Holdings Co., Ltd.

As a result of BOD Co., Ltd. becoming newly consolidated subsidiaries, 51 million yen of net income attributable to non-controlling shareholders was recorded in the current fiscal year.

Consequently, net income attributable to Fullcast Holdings Co., Ltd. for the current fiscal year increased by 316 million yen from the previous fiscal year to 3,310 million yen (An increase of 10.6%), and net income per share was 87.90 yen (78.87 yen in the previous fiscal year).

b. Significant Factors Affecting Operating Results

Significant factors affecting the Group’s operating results are presented in “Part 2: State of Business, 2. Risks Associated with Our Businesses.”

c. Financial Resources for Capital and Liquidity of Funds

i) Funding Requirements

The main funding requirements for our Group’s business activities are working capital for maintaining and expanding business activities, capital investment funds for expenses associated with the new opening and relocation of sales offices and system investment expenses in addition to temporary funding requirements such as M&A.

ii) Financial Resources for Capital and Liquidity of Funds

Our Group strives to utilize diverse financing methods while adhering to our basic financial policy of maintaining both suitable levels of liquidity and 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 secured by using cash flow provided by operating activities and by utilizing borrowings from financial institutions.

In order to effectively procure working capital, the Company has concluded overdraft agreements with four banks for a maximum of 5,600 million yen.

Details regarding the status of our interest-bearing debt are presented in “Part 2: State of Business, 3. Analysis of Financial Position, Operating Results and Cash Flow Status by Management (1) Performance Overview, 1) Financial Position and Operating Results, b. Financial Position, iii) Interest-Bearing Debt.”

The Group’s policy on fund procurement and fund management is presented in “Part 5. Financial Conditions, 1. Consolidated Financial Statements, (1) Consolidated Financial Statements, Notes on Consolidated Financial Statements (Notes Regarding Financial Instruments).”

d. Management Policy, Management Strategy, and Objective Indicators for Determining the Achievement of Management Targets, Others

Our Group considers the “sustained improvement of corporate value” to be one of its most important management issues.

Our Group will endeavor to maximize corporate value by striking a balance between profitability and growth. At the same time, our management will endeavor maintain a solid financial standing and implement strategies that focus upon capital efficiency. Also, we maintain a goal of realizing a debt-to-equity ratio target of no more than 0.5 times to maintain appropriate debt levels that will enable us to make investments necessary to secure growth, while at the same time maintaining financial soundness. The Fullcast Group also seeks to achieve ROE of 20% or higher as a target indicator of “improvement of corporate value.” In addition, we maintain a policy of enhancing returns of profits to shareholders with a target of achieving total return ratio of 50%.

Indicators used to realize our vision of “Enhancing sustained corporate value”:	Maintain ROE above 20%
Indicator for “Shareholder returns”:	Total return ratio of 50%
Indicator underpinning our ”Basic policy on capital”:	D/E ratio of less than 0.5x

We seek to achieve the above target indicators to realize our vision of “sustained enhancement of corporate value.”

* The Company defines ROE calculated based upon net income attributable to Fullcast Holdings Co., Ltd. excluding the influence of income taxes-deferred arising from recording of deferred tax assets for losses carried forward as “adjusted ROE”, which is a target indicator of achieving “sustainable improvement of corporate value.” Given that deferred tax assets were eliminated in the fiscal year ended December 2018, adjustments will not be made for these influences in the fiscal year ending December 2019 and thereafter.

The Group has reviewed the Medium-Term Management Plan published on February 12, 2016 and is now targeting the achievement of the following management indicators during the fiscal year ending December 2020, the final year of the plan.

- Operating income: 7,900 million yen
- Ordinary income: 8,000 million yen
- Number of operating workers: 320,000 persons
- Gross profit per 1 yen of personnel cost: 2.6 yen

4. Contracts of Vital Importance to Management

(Business, Capital Collaboration Agreement with Advancer Global Limited)

Our Company passed a resolution for the formation of business, capital collaboration agreement with Advancer Global Limited (Hereinafter referred to as "Advancer") during the Board of Directors' Meeting held on June 22, 2018. On the same date, the Company concluded "A basic agreement for business collaboration" and "Agreement on the acquisition, allocation and issuance of Advancer Global Limited shares".

(1) Reasons for the Business, Capital Collaboration Agreement

Advancer is a publicly traded company listed on the Singapore Exchange that conducts various human resources services utilizing foreign worker dispatching in Southeast Asia, including housekeeping and other services in the realm of blue-collar workers that is similar to the business of the Fullcast Group. This agreement is established with a goal of forming a joint venture company for the introduction of foreign workers into Japan. Also, Fullcast Holdings Co., Ltd. will take part in a third party allocation of new shares (Capital collaboration) by Advancer and take this opportunity to provide global human resources within Japan through business collaboration.

(2) Business, Capital Collaboration Agreement Details

1) Business, Capital Collaboration Agreement Details

Fullcast Holdings Co., Ltd. took part in the third party allocation of new shares conducted by Advancer in August 2018. As part of this collaborative agreement, a joint venture company between the two companies for the introduction of foreign workers into Japan is being considered.

2) Acquisition Cost of Newly Acquired or Existing Shares of Advancer

Fullcast Holdings Co., Ltd. acquired 65,000,000 new shares (These new shares represent 25.2% of the total number of shares including these new and dilutive shares which amount to 258,025,089, and 26.0% of the total number of shares less the dilutive shares which amount to 250,672,589) to be issued by Advancer for a total acquisition cost of S$22,147,976.18 Singapore dollars.*

* The acquisition price mentioned above amounted to 1,800 million yen at the exchange rate of JPY81.28 per one Singapore dollar as of noon on June 21, 2018.

(3) Overview of Advancer Global Limited

1) Corporate name	Advancer Global Limited (Singapore, Singapore Exchange Stock Code: 43Q)
2) Home office address	135 Jurong Gateway Road #05-317 Singapore 600135
3) Representative	Desmond Chin Mui Hiong, Executive Chairman
4) Business	Employment, Facility Management Services
5) Capital	Singapore dollar 18,378,000 (JPY1,494 million at an exchange rate of JPY81.28 per one Singapore dollar as of noon on June 21, 2018)
6) Date of established	February 2, 2016

(4) Schedule

1) Date of Board of Directors Resolution: June 22, 2018

2) Date of Agreement Signing Date: June 22, 2018

3) Date of stock acquisition: August 31, 2018

5. Research and Development Activities

There are no relevant matters.

Part 3: State of Equipment

1. Overview of Capital Investment

Capital investments in the current fiscal year totaled 298 million yen. Major investments included the purchase of land of 117 million yen, the acquisition of property, plant and equipment associated with the opening of new and relocation of existing sales offices of 75 million yen, the acquisition of property, plant and equipment associated with the purchase of servers and system equipment of 37 million yen, and the acquisition of intangible assets associated with the purchase of various software for use within the Company of 58 million yen.

2. State of Major Equipment

(1) Submitting Companies

(As of December 31, 2018)

Company name	Name of business office (Location)	Name of segment	Nature of equipment	Book-value (Million yen)				Employees
				Buildings and structures	Tools, furniture and fixtures	Software	Total	
Fullcast Holdings Co., Ltd.	Head office (Shinagawa-ku, Tokyo)	Company-wide (Shared)	Business office	27	103	239	369	87 [209]

Notes:
1. All figures exclude consumption tax
2. "Employees" refers to staff engaged in work. The number of temporary employees is represented by the figure in parenthese apart from the number of regular employees, and it is the average yearly number of employees.
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)

(As of December 31, 2018)

Name of business office (Location)	Name of segment	Nature of equipment	Yearly rental charge (Million yen)
Head office (Shinagawa-ku, Tokyo)	Company-wide (Shared)	Leased buildings	83
Company housing for employees	Company-wide (Shared)	Leased buildings	12
Total	-	-	94

(2) Domestic Subsidiaries

(As of December 31, 2018)

Company name	Name of business office (Location)	Name of segment	Nature of equipment	Book-value (Million yen)					Employees
				Buildings and structures	Tools, furniture and fixtures	Land (area; m^2)	Other	Total	
Fullcast Co., Ltd.	Head office (Shinagawa-ku, Tokyo)	Short-Term Operational Support Business	Business office, operating equipment	99	43	-	1	143	381 [493]
Top Spot Co., Ltd.	Head office (Shinagawa-ku, Tokyo)	Short-Term Operational Support Business	Business office, operating equipment	19	8	-	-	27	50 [65]
Fullcast Advance Co., Ltd.	Head office (Shinagawa-ku, Tokyo)	Security, Other Businesses, Short-Term Operational Support Business	Business office, operating equipment	7	4	-	0	11	72 [55]
Fullcast Business Support Co., Ltd.	Head office (Shinagawa-ku, Tokyo)	Company-wide (Shared)	Business office, operating equipment	-	2	-	0	2	33 [6]
Otetsudai Networks Inc.	Head office (Shinagawa-ku, Tokyo)	Short-Term Operational Support Business	Business office, operating equipment	-	0	-	43	43	8 [5]
Work & Smile Co., Ltd.	Head office (Shinagawa-ku, Tokyo)	Short-Term Operational Support Business	Business office, operating equipment	1	0	-	-	1	6 [7]
Dimension Pockets Co., Ltd.	Head office (Kunigami-gun, Okinawa)	Security, Other Businesses	Business office, operating equipment	198	2	381 (14,075.92)	36	617	2 [-]
Fullcast Senior Works Co., Ltd.	Head office (Shinagawa-ku, Tokyo)	Short-Term Operational Support Business	Business office, operating equipment	1	1	-	0	2	4 [3]
Fullcast Porter Co., Ltd.	Head office (Shinagawa-ku, Tokyo)	Short-Term Operational Support Business	Business office, operating equipment	1	1	-	-	2	5 [2]
F-PLAIN Corporation.	Head office (Minato-ku, Tokyo)	Sales Support Business	Business office, operating equipment	6	4	-	5	16	55 [72]
M’s Line Co., Ltd.	Head office (Minato-ku, Tokyo)	Sales Support Business	Business office, operating equipment	-	-	-	-	-	10 [21]
BOD Co., Ltd.	Head office (Toshima-ku, Tokyo)	Short-Term Operational Support Business	Business office, operating equipment	38	11	-	-	49	260 [29]
Fullcast Global Co., Ltd.	Head office (Shinagawa-ku, Tokyo)	Short-Term Operational Support Business	Business office, operating equipment	2	1	-	-	3	3 [0]
Minimaid Service Co., Ltd.	Head office (Shibuya-ku, Tokyo)	Short-Term Operational Support Business	Business office, operating equipment	61	3	184 (276.84)	10	258	37 [140]
BOD Alpha Co., Ltd.	Head office (Toshima-ku, Tokyo)	Short-Term Operational Support Business	Business office, operating equipment	0	-	-	2	2	- [-]

Notes: 1. “Other” in “book-value” includes vehicles, construction in progress, and software. All figures exclude consumption tax.

2. “Employees” refers to staff engaged in work. The number of temporary employees is represented by the figures in parentheses apart from the number of regular employees, and it is the average yearly number of employees.

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).

(As of December 31, 2018)

Company name	Name of business office (Location)	Name of segment	Nature of equipment	Yearly rental charge (Million yen)
Fullcast Co., Ltd.	Head office, branches (Shinagawa-ku, Tokyo and other)	Short-Term Operational Support Business	Leased buildings	309
	Company housing for employees		Leased buildings	68
Top Spot Co., Ltd.	Head office, branches (Shinagawa-ku, Tokyo and other)	Short-Term Operational Support Business	Leased buildings	43
	Company housing for employees		Leased buildings	5
Fullcast Advance Co., Ltd.	Head office, branches (Shinagawa-ku, Tokyo and other)	Security, Other Businesses	Leased buildings	34
	Company housing for employees	Short-Term Operational Support Business	Leased buildings	8
Fullcast Business Support Co., Ltd.	Company housing for employees	Company-wide (Shared)	Leased buildings	0
Otetsudai Networks Inc.	Company housing for employees	Short-Term Operational Support Business	Leased buildings	0
Work & Smile Co., Ltd.	Head office, branches (Shinagawa-ku, Tokyo and other)	Short-Term Operational Support Business	Leased buildings	4
	Company housing for employees		Leased buildings	1
Dimension Pockets Co., Ltd.	Head office (Kunigami-gun, Okinawa)	Security, Other Businesses	Leased buildings	1
Fullcast Senior Works Co., Ltd.	Head office, branches (Shinagawa-ku, Tokyo and other)	Short-Term Operational Support Business	Leased buildings	5
	Company housing for employees		Leased buildings	1
Fullcast Porter Co., Ltd.	Head office, branches (Shinagawa-ku, Tokyo and other)	Short-Term Operational Support Business	Leased buildings	4
F-PLAIN Corporation.	Head office, branches (Minato-ku, Tokyo and other)	Sales Support Business	Leased buildings	28
	Company housing for employees		Leased buildings	2
M's Line Co., Ltd.	Head office, branches (Minato-ku, Tokyo and other)	Sales Support Business	Leased buildings	3
	Company housing for employees		Leased buildings	0
BOD Co., Ltd.	Head office, branches (Toshima-ku, Tokyo and other)	Short-Term Operational Support Business	Leased buildings	121
Fullcast Global Co., Ltd.	Head office, branches (Shinagawa-ku, Tokyo and other)	Short-Term Operational Support Business	Leased buildings	1

3. Plans for Creation and Retirement of Equipment

(1) New major equipment

There are no relevant matters.

(2) Major equipment retired

There are no relevant matters.

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	110,000,000
Total	110,000,000

2) Outstanding shares

Type	Number of shares issued by the end of the fiscal year (Dec. 31, 2018)	Number of shares issued at the date of submission (Mar. 29, 2019)	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 Acquisition Rights

1) Details of Stock Option System

Fullcast Holdings Co., Ltd. No. 1-1 Stock Compensation-type Share Acquisition Rights	
Date of resolution	March 24, 2017
Category of persons granted share acquisition rights and number (Persons)	4 Directors of the Company (Excluding Directors who are Audit & Supervisory Committee Members) 8 Directors of the Company's wholly-owned subsidiaries 2 Corporate Auditors of the Company's wholly-owned subsidiaries
Number of share acquisition rights (Rights)*	2,016 (Note 1)
Type and detail of stock for the purpose of share acquisition rights and number (Shares)*	Common stock: 201,600 (Note 1)
Amount paid at time of exercise of share acquisition rights (Yen)*	1 (Note 2)
Exercise period of share acquisition rights*	April 11, 2021 to April 10, 2051
Issuance price and capital incorporation amount of shares when issuing shares due to the exercise of share acquisition rights (Yen)*	Issuance price: 785.50 Capital incorporation amount (Note 3)
Conditions for exercise of share acquisition rights*	(Note 4)
Matters concerning assignment of share acquisition rights*	Acquisition of share acquisition rights by assignment requires approval of the Board of Directors.
Matters concerning the granting of share acquisition rights associated with organization restructuring*	(Note 5)

* Details presented represent conditions on the last day of the current fiscal year (December 31, 2018). Furthermore, there are no changes in these conditions as of the final day of the month before the submission date (February 28, 2019).

Notes: 1. The type of shares for the share acquisition rights shall be ordinary shares (Common stock) and the number of shares per one share acquisition right (Hereinafter, number of shares granted) shall be 100 shares. The number of shares granted shall be adjusted according to the following formula when the Company executes a share split (Including the gratis allotment of the Company's common stock; hereinafter the same shall apply) or share consolidation after the allotment date of the share acquisition rights. However, such adjustments shall be made for the number of granted shares not exercised at that time, and quantities of less than one share resulting from the adjustment shall be rounded down.

Number of shares granted after adjustment = Number of shares granted before adjustment × Ratio of stock split or stock consolidation

The number of shares granted after adjustment shall apply on after the day after the record date of share splits when the Company executes a share split and on and after the effective date when the Company executes share consolidations. However, when a share split is executed under the condition that the proposal to increase paid-in capital or reserves due to a decline in surplus is approved at the general meeting of shareholders of our Company, and when a date prior to the end of this meeting of shareholders is set as the record date for the share split, the number of shares granted after adjustment shall apply retroactively to the day after the record date, which is the day after the end of the meeting of shareholders.

In addition to the above, when an adjustment of the number of shares granted is required, the number of granted shares shall be adjusted within a reasonable scope.

2. The amount of assets required for exercise of each share acquisition right shall be the amount realized by multiplying the number of shares granted by the payment amount of 1 yen per share that can be exchanged for shares with the exercise of the share acquisition rights.
3. (1) The amount of additional paid-in capital resulting from the issuance of shares due to the exercise of share acquisition rights shall be half of the maximum of an increase in paid-in capital calculated in accordance with Article 17 (1) of Corporate Accounting Rules, and any fractions of less than 1 yen resulting from such calculation shall be rounded up.
   (2) The amount of additional capital reserve resulting from the issuance of shares due to the exercise of share acquisition rights shall be the amount resulting from the amount of the increase in paid-in capital prescribed in (1) above subtracted from the maximum of an increase in paid-in capital described in (1) above.
4. (1) For stock acquisition rights allotted to the Company's Directors, in principle, the person receiving the allotment of share acquisition rights must be a Director of the Company at the time the rights are exercised.
   (2) For share acquisition rights allotted to the Directors or Corporate Auditors of the Company wholly-owned subsidiaries, in principle, the person receiving the allotment of share acquisition rights (Hereinafter, referred to as “share acquisition right holder” collectively with persons receiving the allotment of share acquisition rights per (1) above), must be a Director or Corporate Auditor of the subsidiary at the time the rights are exercised.
   (3) Of those share acquisition rights allocated, only the limited number of share acquisition rights can be exercised depending on the level of achievement of the operating income target for the fiscal year ending December 2020, final year of the Medium-Term Management Plan.
5. When undertaking a merger (Limited to instances where the company is the non-surviving company in the merger), absorption-type demergers and incorporation-type demergers (Limited to instances where each company will become a spin-off company), or stock swaps or stock transfers (Limited to instances where each company will become a wholly-owned subsidiary) (Hereinafter, “organizational restructuring act” shall be used to collectively refer to these terms), the Company shall issue share acquisition rights of corporations cited in i. to v. of Item 8, Paragraph I, Article 236 of the Companies Act to share acquisition rights holders who own the remaining share acquisition rights (Hereinafter, “residual share acquisition rights”) recently prior to the effective date of the organizational restructuring act (the date the absorption-type merger takes effect for absorption-type mergers, the date the new incorporated company is established in the case of incorporation-type mergers, the date the absorption-type demerger takes effect for absorption-type demergers, the date the new incorporated company is established in the case of incorporation-type demergers, the date the share exchange takes effect for share exchanges, and the date of the establishment of the complete parent company after share transfer for share transfers; hereinafter the same shall apply). In such cases, the residual share acquisition rights will be cancelled and the Company subject to restructuring shall newly issue share acquisition rights. The issuance of share acquisition rights of the restructuring company must be prescribed following each of the following items in the absorption-type merger agreement, incorporation-type merger agreement, absorption-type demerger agreement, incorporation-type demerger agreement, share exchange agreement or share transfer plan.

   (1) Number of Share Acquisition Rights Issued by Restructuring Company
   The number of share acquisition rights held by share acquisition rights holders and the same number will each be

issued, respectively.

(2) Type of Shares of Restructuring Company Required for Stock Acquisition Rights
The ordinary stock (Common stock) of the Restructuring Company.

(3) Number of Shares of Restructuring Company Required for Share Acquisition Rights
Determined following Note 1 above based on the conditions of the organizational restructuring actions.

(4) Amount of Assets Required for Exercise of Share Acquisition Rights
The amount of assets required for exercise of each share acquisition right to be issued shall be the amount realized by multiplying the exercise price after restructuring prescribed below by the number of shares of the restructuring company with the purpose of the said share acquisition rights approved in accordance with (3) above. The exercise price after restructuring shall be 1 yen per share of the restructuring company that can be received by exercise of each share acquisition right to be issued.

(5) Period for Exercise of Share Acquisition Rights
The period for exercise of the share acquisition rights shall be from the start date of the period for which the share acquisition rights can be exercised or the effective date of the organizational restructuring action, whichever is later, to the final date of the period for which the share acquisition rights can be exercised.

(6) Matters Relating to Additional Paid-in Capital and Capital Reserve Resulting from the Issuance of Shares due to the Exercise of Share Acquisition Rights
Determined following Note 3 above.

(7) Restrictions on the Acquisition of Share Acquisition Rights by Assignment
The acquisition of share acquisition rights by assignment requires approval of the Board of Directors of the restructuring company.

(8) Reason and Conditions for Acquisition of Share Acquisition Rights
If the following agenda items (i), (ii), (iii), (iv) or (v) are approved at the General Meeting of Shareholders of the Company (if resolution of the meeting of shareholders is not required, when approved by resolution of the Company's Board of Directors or when approved by an executive officer delegated in accordance with the provisions of Article 416 [4] of the Companies Act), the Company can acquire the share acquisition rights for gratis on the date separately prescribed by the Board of Directors.

(i) Agenda items on approval of merger agreements in which the Company is not the surviving company

(ii) Agenda items on approval of a company spin-off agreement or plan based on which the Company will become a spin-off company

(iii) Agenda items on a stock swap agreement based upon which the Company will become a wholly-owned subsidiary or a stock transfer plan

(iv) Agenda items, as details of all shares issued by the Company, for approval of changes in the Articles of Incorporation with a provision established regarding the need for the Company's approval concerning the acquisition of the shares by assignment

(v) Agenda items, as details of the type of shares for the share acquisition rights, for approval of changes in the Articles of Incorporation with a provision established regarding the need for the Company's approval concerning the acquisition of the shares of the said type by assignment and the acquisition of all the said type of shares by resolution of the General Meeting of Shareholders of the Company with regard to the shares

Fullcast Holdings Co., Ltd. No. 1-2 Stock Compensation-type Share Acquisition Rights	
Date of resolution	March 24, 2017
Category of persons granted share acquisition rights and number (Persons)	8 employees of the Company's wholly-owned subsidiaries
Number of share acquisition rights (Rights)	192 (Note 1)
Type and detail of stock for the purpose of share acquisition rights and number (Shares)*	Common stock: 19,200 (Note 1)
Amount paid at time of exercise of share acquisition rights	1 (Note 2)

(Yen)*	
Exercise period of share acquisition rights*	April 11, 2021 to April 10, 2051
Issuance price and capital incorporation amount of shares when issuing shares due to the exercise of share acquisition rights (Yen)*	Issuance price: 785.50 Capital incorporation amount (Note 3)
Conditions for exercise of share acquisition rights*	(Note 4)
Matters concerning assignment of share acquisition rights*	Acquisition of share acquisition rights by assignment requires approval of the Board of Directors.
Matters concerning the granting of share acquisition rights associated with organization restructuring*	(Note 5)

*: Details presented represent conditions on the last day of the current fiscal year (December 31, 2018). Furthermore, there are no changes in these conditions as of the final day of the month before the submission date (February 28, 2019).

Notes: 1. The type of shares for the share acquisition rights shall be ordinary shares (Common stock) and the number of shares per one share acquisition right (Hereinafter, number of shares granted) shall be 100 shares. The number of shares granted shall be adjusted according to the following formula when the Company executes a share split (Including the gratis allotment of the Company's common stock; hereinafter the same shall apply) or share consolidation after the allotment date of the share acquisition rights. However, such adjustments shall be made for the number of granted shares not exercised at that time, and quantities of less than one share resulting from the adjustment shall be rounded down.

Number of shares granted after adjustment = Number of shares granted before adjustment × Ratio of stock split or stock consolidation

The number of shares granted after adjustment shall apply on after the day after the record date of share splits when the Company executes a share split and on and after the effective date when the Company executes share consolidations. However, when a share split is executed under the condition that the proposal to increase paid-in capital or reserves due to a decline in surplus is approved at the general meeting of shareholders of our Company, and when a date prior to the end of this meeting of shareholders is set as the record date for the share split, the number of shares granted after adjustment shall apply retroactively to the day after the record date, which is on the day after the end of the meeting of shareholders.

In addition to the above, when an adjustment of the number of shares granted is required, the number of granted shares shall be adjusted within a reasonable scope.

2. The amount of assets required for exercise of each share acquisition right shall be the amount realized by multiplying the number of shares granted by the payment amount of 1 yen per share that can be exchanged for shares with the exercise of the share acquisition rights.

3. (1) The amount of additional paid-in capital resulting from the issuance of shares due to the exercise of share acquisition rights shall be half of the maximum of an increase in paid-in capital calculated in accordance with Article 17 (1) of Corporate Accounting Rules, and any fractions of less than 1 yen resulting from such calculation shall be rounded up.

   (2) The amount of additional capital reserve resulting from the issuance of shares due to the exercise of share acquisition rights shall be the amount resulting from the amount of the increase in paid-in capital prescribed in (1) above subtracted from the maximum of an increase in paid-in capital described in (1) above.

4. (1) In principle, persons who receive an allotment of share acquisition rights (Hereinafter, “share acquisition rights holders”) must be an employee of the Company's wholly-owned subsidiaries at the time of exercising these rights.

   (2) Of those share acquisition rights allocated, only the limited number of share acquisition rights can be exercised depending on the level of achievement of the operating income target for the fiscal year ending December 2020, final year of the Medium-Term Management Plan.

5. When undertaking a merger (Limited to instances where the company is the non-surviving company in the merger), absorption-type demergers and incorporation-type demergers (Limited to instances where each company will become a spin-off company), or stock swaps or stock transfers (Limited to instances where each company will become a wholly-

owned subsidiary) (Hereinafter, “organizational restructuring act” shall be used to collectively refer to these terms), the Company shall issue share acquisition rights of corporations cited in i. to v. of Item 8, Paragraph I, Article 236 of the Companies Act to share acquisition rights holders who own the remaining share acquisition rights (Hereinafter, “residual share acquisition rights”) recently prior to the effective date of the organizational restructuring act (the date the absorption-type merger takes effect for absorption-type mergers, the date the new incorporated company is established in the case of incorporation-type mergers, the date the absorption-type demerger takes effect for absorption-type demergers, the date the new incorporated company is established in the case of incorporation-type demergers, the date the share exchange takes effect for share exchanges, and the date of the establishment of the complete parent company after share transfer for share transfers; hereinafter the same shall apply). In such cases, the residual share acquisition rights will be canceled and the Company subject to restructuring shall newly issue share acquisition rights. The issuance of share acquisition rights of the restructuring company must be prescribed following each of the following items in the absorption-type merger agreement, incorporation-type merger agreement, absorption-type demerger agreement, incorporation-type demerger agreement, share exchange agreement or share transfer plan.

(1) Number of Share Acquisition Rights Issued by Restructuring Company
The number of share acquisition rights held by stock acquisition rights holders and the same number will each be issued, respectively.

(2) Type of Shares of Restructuring Company Required for Share Acquisition Rights
The ordinary stock (Common stock) of the Restructuring Company.

(3) Number of Shares of Restructuring Company Required for Share Acquisition Rights
Determined following Note 1 above based on the conditions of the organizational restructuring actions.

(4) Amount of Assets Required for Exercise of Share Acquisition Rights
The amount of assets required for exercise of each stock acquisition right to be issued shall be the amount realized by multiplying the exercise price after restructuring prescribed below by the number of shares of the restructuring company with the purpose of the said share acquisition rights approved in accordance with (3) above. The exercise price after restructuring shall be 1 yen per share of the restructuring company that can be received by exercise of each share acquisition right to be issued.

(5) Period for Exercise of Share Acquisition Rights
The period for exercise of the share acquisition rights shall be from the start date of the period for which the share acquisition rights can be exercised or the effective date of the organizational restructuring action, whichever is later, to the final date of the period for which the share acquisition rights can be exercised.

(6) Matters Relating to Additional Paid-in Capital and Capital Reserve Resulting from the Issuance of Shares due to the Exercise of Share Acquisition Rights
Determined following Note 3 above.

(7) Restrictions on the Acquisition of Share Acquisition Rights by Assignment
The acquisition of share acquisition rights by assignment requires approval of the Board of Directors of the restructuring company.

(8) Reason and Conditions for Acquisition of Share Acquisition Rights
If the following agenda items (i), (ii), (iii), (iv) or (v) are approved at the General Meeting of Shareholders of the Company (if resolution of the meeting of shareholders is not required, when approved by resolution of the Company's Board of Directors or when approved by an executive officer delegated in accordance with the provisions of Article 416 [4] of the Companies Act), the Company can acquire the share acquisition rights for gratis on the date separately prescribed by the Board of Directors.

(i) Agenda items on approval of merger agreements in which the Company is not the surviving company
(ii) Agenda items on approval of a company spin-off agreement or plan based on which the Company will become a spin-off company
(iii) Agenda items on a stock swap agreement based upon which the Company will become a wholly-owned subsidiary or a stock transfer plan

(iv) Agenda items, as details of all shares issued by the Company, for approval of changes in the Articles of Incorporation with a provision established regarding the need for the Company's approval concerning the acquisition of the shares by assignment

(v) Agenda items, as details of the type of stock for the share acquisition rights, for approval of changes in the Articles of Incorporation with a provision established regarding the need for the Company's approval concerning the acquisition of the shares of the said type by assignment and the acquisition of all the said type of shares by resolution of the General Meeting of Shareholders of the Company with regard to the shares

2) Description of rights plan

There are no relevant matters.

3) State of other new share acquisition rights

There are no relevant matters.

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

There are no relevant matters.

(4) 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 (Million yen)	Balance on capital stock (Million yen)	Change in capital reserve (Million yen)	Balance on capital reserve (Million yen)
December 20, 2013 (Note)	(1,110,000)	38,486,400	-	2,780	-	-

Note: Treasury shares were retired on December 20, 2013 in accordance with the resolution of the Board of Directors Meeting on December 19, 2013.

(5) Shareholder ownership status

(As of December 31, 2018)

Classification	Stock information (One unit of shares: 100 shares)								State of share less than one unit (Shares)
	Government and local public organizations	Financial organizations	Financial commodity traders	Other corporations	Foreign corporations etc.		Individual and others	Total	
					Non-individual	Individual			
Shareholders	-	24	32	41	154	10	4,427	4,688	-
Shares held (Unit)	-	58,589	9,285	192,824	79,111	59	44,931	384,799	6,500
Percentage of shares held (%)	-	15.23	2.41	50.11	20.56	0.02	11.68	100.00	-

Notes: 1. The 878,552 shares of treasury shares include 8,785 units in “Individual and others” and 52 shares in “State of share less than one unit (Shares).”

2. 10 units are included in the “Other corporations” column under the name of Japan Securities Depository Center, Inc.

(6) Major shareholders

(As of December 31, 2018)

Name	Adress	Number of shares held	Percentage of shares held to total outstanding shares (Excluding treasury shares) (%)
Hirano Associates Co., Ltd.	1-15-3 Dogenzaka, Shibuya-ku, Tokyo	12,831,300	34.12
Hikari Tsushin Co., Ltd.	1-4-10 Nishi Ikebukuro, Toshima-ku, Tokyo	4,850,600	12.90
Japan Trustee Services Bank, Ltd. (Trust account)	1-8-11 Harumi, Chuo-ku, Tokyo	1,950,800	5.19
The Master Trust Bank of Japan, Ltd. (Trust Account)	2-11-3 Hamamatsu-cho, Minato-ku, Tokyo	1,088,400	2.89
Goldman Sachs International (Standing proxy: Goldman Sachs Japan Co., Ltd.)	133 Fleet Street, London EC4A 2BB U.K (6-10-1 Roppongi, Minato-ku, Tokyo)	661,999	1.76
State Street Bank and Trust Company 505019 (Standing proxy: The Hongkong and Shanghai Banking Corporation Limited, Tokyo branch, Custody Division)	AIB International Centre P.O. Box 518 IFSC Dublin, Ireland (3-11-1 Nihonbashi, Chuo-ku, Tokyo)	638,200	1.70
The Nomura Trust and Banking Co., Ltd. (Trust account)	2-2-2 Otemachi, Chiyoda-ku, Tokyo	618,400	1.64
Ten Associates Co., Ltd.	1-15-3 Dogenzaka, Shibuya-ku, Tokyo	600,000	1.60
Daiki Associates Co., Ltd.	1-15-3 Dogenzaka, Shibuya-ku, Tokyo	600,000	1.60
Japan Trustee Services Bank, Ltd. (Trust account 9)	1-8-11 Harumi, Chuo-ku, Tokyo	553,100	1.47

Name	Adress	Number of shares held	Percentage of shares held to total outstanding shares (Excluding treasury shares) (%)
Total	-	24,392,799	64.86

Notes: 1. In addition to the above, there is 878,552 shares of treasury shares owned by the Company.

2. As a result of the Report of Major Shareholdings (Report of Changes) for public inspection on September 6, 2018, Invesco Asset Management (Japan) Limited and its joint holding company Invesco Asset Management Limited declared that it owns the following shares as of August 31, 2018, but because the Company cannot confirm the number of actual shares owned by them as of the end of this fiscal year, it is not included in the above "Status of Major Shareholders."
The details of the Report of Major Shareholdings (Report of Changes) are as follows.

Name	Adress	Number of shares held	Shareholdings holding ratio (%)
Invesco Asset Management (Japan) Limited	6-10-1 Roppongi, Minato-ku, Tokyo	1,378,600	3.58
Invesco Asset Management Limited	Perpetual Park, Perpetual Park Drive, Henley-on-Thames, Oxfordshire, RG9 1HH, United Kingdom	166,300	0.43

3. As a result of Report of Major Shareholdings (Report of Changes) for public inspection on December 21, 2018, Nomura Asset Management Co., Ltd. and its joint holding company Nomura International plc declared that it owns the following shares as of December 14, 2018, but because the Company cannot confirm the number of actual shares owned by them as of the end of this fiscal year, it is not included in the above "Status of Major Shareholders."
The details of the Report of Major Shareholdings (Report of Changes) are as follows.

Name	Adress	Number of shares held	Shareholdings holding ratio (%)
Nomura Asset Management Co., Ltd.	1-12-1 Nihonbashi, Chuo-ku, Tokyo	1,580,100	4.11
Nomura International PLC	1 Angle Lane, London EC4R 3Ab, United Kingdom	133,342	0.35

(7) Voting Rights

1) Outstanding shares

(As of December 31, 2018)

Classification	Number of shares(Shares)	Number of voting rights (Individual)	Description
Nonvoting shares	-	-	-
Shares with limited voting rights (Treasury shares, other)	-	-	-
Shares with limited voting rights (Other)	-	-	-
Shares with full voting rights (Treasury shares, other)	(Treasury shares) Common stock 878,500	-	-
Shares with full voting rights (Other)	Common stock 37,601,400	376,014	-
Share less than one unit	Common stock 6,500	-	-
Total number of outstanding shares	38,486,400	-	-
Voting rights of shareholders	-	376,014	-

Note: 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) Treasury shares

(As of December 31, 2018)

Name	Address	Number of shares held by own name (Shares)	Number of shares owned by other holders (Shares)	Total number of shares owned (Shares)	Percentage of shares held to total outstanding shares (%)
Fullcast Holdings Co., Ltd.	8-9-5 Nishi Gotanda, Shinagawa-ku, Tokyo	878,500	-	878,500	2.28
Total	-	878,500	-	878,500	2.28

2. Acquisitions of Treasury Shares

Class of shares: Acquisition of common stock under Item 3 and Item 7 of Article 155 of the Companies Act

(1) Acquisitions based upon decisions made at the Annual General Meeting of Shareholders

There are no relevant matters.

(2) Acquisitions based on decisions made at Board of Directors Meetings

Classification	Number of shares (Shares)	Total cost (Yen)
Status of resolution by the Board of Directors (February 9, 2018) (Acquisition period: February 13, 2018 to March 23, 2018)	340,000	682,000,000
Treasury shares acquired before the current fiscal year	-	-
Treasury shares acquired in the current fiscal year	276,600	681,916,800
Total number of shares of residual resolutions and total cost	63,400	83,200
Ratio of unexercised rights as of the last day of the current fiscal year (%)	18.6	0.0
Treasury shares acquired during the current period	-	-
Ratio of unexercised rights as of the date of submission of this report (%)	18.6	0.0

Classification	Number of shares (Shares)	Total cost (Yen)
Status of resolution by the Board of Directors (March 29, 2019) (Acquisition period: February 12, 2019 to April 26, 2019)	500,000	827,000,000
Treasury shares acquired before the current fiscal year	-	-
Treasury shares acquired in the current fiscal year	-	-
Total number of shares of residual resolutions and total cost	-	-
Ratio of unexercised rights as of the last day of the current fiscal year (%)	-	-
Treasury shares acquired during the current period	-	-
Ratio of unexercised rights as of the date of submission of this report (%)	100.0	100.0

Note: A resolution was passed at the meeting of the Board of Directors held on March 29, 2019 concerning the details of the resolution passed on February 8, 2019. Based on these changes, the total number of acquirable shares has been increased from 450,000 to 500,000 shares.

(3) Description of items not based on decisions made at either Annual General Meeting of Shareholders or Board of Directors Meetings

Classification	Number of shares (Shares)	Total cost (Yen)
Treasury shares acquired in the current fiscal year	52	0
Treasury shares acquired during the current fiscal year	-	-

Note: Treasury shares acquired during the period does not include the purchase of share less than one unit from March 1, 2019 up to the submission date of the securities report.

(4) Handling and Possession of Treasury Shares Acquired

Classification	Current Fiscal year		Current period	
	Number of shares (Shares)	Total amount disposed (Yen)	Number of shares (Shares)	Total amount disposed (Yen)
Acquired treasury shares for which a purchaser was solicited	-	-	-	-
Acquired treasury shares that was retired	-	-	-	-

Acquired treasury shares that was transferred due to a merger, share exchange or company split	-	-	-	-
Other (-)	-	-	-	-
Treasury shares in possession	878,552	-	878,552	-

Note: Treasury shares acquired during the period does not include the purchase of share less than one unit from March 1, 2019 up to the submission date of the securities report.

3. Dividend Policy

We maintain a policy of enhancing returns of profits to shareholders with a target of achieving total return ratio of 50%.

We will implement shareholder returns with a target of achieving total return ratio of 50% by enhancing profitability and further improving management efficiencies, in addition to offering dividends and share buybacks. This will also enable us to achieve ROE of 20% or higher, which is an indicator used to achieve sustained “improvement of corporate value.”

Furthermore, net income attributable to Fullcast Holdings Co., Ltd. used as the basis for calculating ROE and total return ratio is net income attributable to Fullcast Holdings Co., Ltd. excluding the effects of income taxes-deferred associated with the booking of deferred tax assets within the losses carried forward (Hereinafter, “adjusted net income”). Given that deferred tax assets were eliminated in the fiscal year ended December 2018, adjustments will not be made for these influences in the fiscal year ending December 2019 and thereafter.

Fullcast Holdings has established a basic policy of offering a dividend from surpluses twice a year, comprised of an interim dividend and year-end dividend. The decision-making body for the dividend is the Board of Directors for both the interim dividend and year-end dividend.

A resolution was passed at the Board of Directors Meeting held on February 8, 2019 stating that the dividend for this fiscal year, excluding an impairment loss (Share of loss of entities accounted for using equity method) associated with a decline in share value of Advancer Global Limited (An affiliate under equity method), will be 32 yen per share, an increase of 6 yen from the previous year and 2 yen increase from forecast, will be paid with a goal of achieving a total return ratio of 50% relative to adjusted net income, and at the end of the fiscal year a dividend of 18 yen per share will be offered and share repurchases totaling up to 827 million yen will be conducted. As a result, the total return ratio relative to adjusted net income for the fiscal year ended December 2018 is expected to be 60.0% or higher.

According to our Articles of Incorporation, our Company can determine an interim dividend as prescribed in Article 454-5 of the Companies Act.

Notes: The following is the dividend from retained earnings whose record date is in the current fiscal year.

Date of resolution	Total amount of dividend (Million yen)	Dividend per share (Yen)
Resolution by Board of Directors Meeting on Aug. 10, 2018	527	14
Resolution by Board of Directors Meeting on Feb. 8, 2019	677	18

4. Trends in Stock Prices

(1) High and low stock prices by fiscal year for the past 5 (Five) years

Term	Term 22	Term 23	Term 24	Term 25	Term 26
Settlement month	Dec. 2014	Dec. 2015	Dec. 2016	Dec. 2017	Dec. 2018
High (Yen)	660	1,145	985	2,350	2,948
Low (Yen)	209	441	509	915	1,603

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

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

Month	July 2018	Aug. 2018	Sept. 2018	Oct. 2018	Nov. 2018	Dec. 2018
High (Yen)	2,948	2,895	2,700	2,678	2,339	2,362
Low (Yen)	2,379	2,305	2,347	1,891	2,038	1,603

Notes: High and low stock prices are those recorded by the First Section of the Tokyo Stock Exchange.

5. Officers

There are 7 males and no female officers (ratio of female officers: 0.0%)

Official title	Job title	Name	Date of birth	Career summary		Term	Number of shares held
Director	Chairman	Takehito Hirano	August 25, 1961	Apr. 1984	Joined Harvest Futures Inc.	(Note 2)	-
				Sept. 1990	Established Resort World Co., Ltd. (Currently Fullcast Holdings Co., Ltd.) and served as Representative Director		
				July. 2006	Representative Director of Fullcast Marketing Co., Ltd. (Currently F-PLAIN Corporation)		
				Sept. 2007	Director of the Company		
				Dec. 2009	Managing Director and Advisor of the Company		
				Mar. 2015	Managing Director and Chairman of the Company (Present post)		
				Apr. 2017	Representative Director and Chairman of F-PLAIN Corporation(Present post)		
				Oct. 2018	Director, Advancer Global Limited (Present post)		
Representative Director	President CEO	Kazuki Sakamaki	September 30, 1970	Apr. 1989	Joined AI Tusho Co., Ltd	(Note 2)	99,023
				Feb. 1995	Joined Fullcast Co., Ltd. (Currently Fullcast Holdings Co., Ltd.)		
				Oct. 2005	Representative Director of Fullcast HR Institute Co., Ltd. (Currently Fullcast Co., Ltd.)		
				Oct. 2007	Corporate Executive Officer, General Manager of the Business Engineering Dept. of Fullcast Co., Ltd.		
				Oct. 2008	Corporate Executive Officer, General Manager of Tokai and Kansai Sales Dept. of Fullcast Co., Ltd.		
				June. 2009	Representative Director of Fullcast Co., Ltd.		
				Dec. 2011	Director of the Company		
				Jan. 2013	President and Representative Director of Fullcast Co., Ltd. (Present post)		
				Jan. 2014	President, Representative Director and CEO of the Company (Present post)		
Director		Takahiro Ishikawa	July 22, 1967	Sept. 1990	Senior Managing Director of Resort World Co., Ltd. (Currently Fullcast Holdings Co., Ltd.)	(Note 2)	154,600
				Sept. 2000	Representative Director of Fullcast Factory Co., Ltd.		
				Apr. 2006	Representative Director of Fullcast Central Co., Ltd.		
				Jan. 2012	Director of STARTLINE Co., Ltd. (Present post)		
				May 2012	Representative Director of Beat Co., Ltd.		
				Dec. 2014	Representative Director of Beattech Co., Ltd.		
				Mar. 2016	Director of the Company (Present post)		
				Apr. 2016	Representative Director and Chairman of Beat Co., Ltd. (Present post)		
				Jan. 2017	Representative Director and Chairman of Beattech Co., Ltd. (Present post)		
Director		Shiro Kaizuka	October 3, 1961	Sept. 1990	Senior Managing Director of Resort World Co., Ltd. (Currently Fullcast Holdings Co., Ltd.)	(Note 2)	125,200
				May. 2002	Representative Director of Fullcast Technology Co., Ltd. (currently YUME TECHNOLOGY Co., Ltd.)		
				Oct. 2002	Director of Interbiz Limited (Present post)		
				Feb. 2010	Representative Director of Rearvio Co., Ltd. (Present post)		
				Sept. 2013	Representative Director of Dimension Pockets Co., Ltd. (Present post)		
				Apr. 2016	Representative Partner of IPM G.K. (Present post)		
				June. 2016	Representative Partner of One Suite G.K. (Present post)		
				Mar. 2017	Director of the Company (Present post)		

Official title	Job title	Name	Date of birth	Career summary		Term	Shares held
Director (Full-time Audit & Supervisory Committee Member)		Kouji Sasaki	August 2, 1945	Apr. 1966 Dec. 1984 June. 1995 Sept. 1995 Dec. 1999 Sept. 2008 Mar. 2016	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 Accounting Office Outside Audit & Supervisory Board Member Fullcast Holdings Co., Ltd Audit & Supervisory Board Member of Fullcast HR Research Institute Co., Ltd. (Currently Fullcast Co., Ltd.) Director (Full-time Audit & Supervisory Committee Member) of the Company (Present post)	(Note 3)	9,600
Director (Audit & Supervisory Committee Member)		Masataka Uesugi	July 31, 1965	Apr. 1995 Apr. 1999 June. 2003 June. 2003 June. 2004 Dec. 2012 Dec. 2013 Nov. 2014 Mar. 2015 Mar. 2016 June. 2016	Registered as an attorney-at-law (Tokyo Bar Association) Founded Uesugi Law Office Partner of Amlec Law and Accounting Firm Audit & Supervisory Board Member of Digital Arts Inc. Audit & Supervisory Board Member of Nextech Co., Ltd. Outside Audit & Supervisory Board Member of F-PLAIN Corporation Outside Audit & Supervisory Board Member of Ceres Inc. (Present post) Outside Audit & Supervisory Board Member of Aiming Inc. (Present post) Founded Sakurada Dori Partners (Partner; present post) Director (Audit & Supervisory Committee Member) of the Company (Present post) Director (Audit & Supervisory Committee Member) of Digital Arts Inc. (Present post)	(Note 3)	-
Director (Audit & Supervisory Committee Member)		Hideyuki Totani	January 5, 1979	Oct. 2003 June. 2007 July. 2007 June. 2013 July. 2014 Dec. 2015 Mar. 2016 July. 2016	Joined Ernst & Young ShinNihon LLC Registered as Certified Public Accountant Partner at Seiwa Audit Corporation (Currently RSM Seiwa Audit Corporation) Outside Audit & Supervisory Board Member of F-PLAIN Corporation Outside Audit & Supervisory Board Member of Ichigo Holdings, Inc. (Present post) Auditor of F-PLAIN Corporation (Present post) Director (Audit & Supervisory Committee Member) of the Company (Present post) Representative Partner at Seiwa Audit Corporation (Currently RSM Seiwa Audit Corporation) (Present post)	(Note 3)	-
Total							388,423

Notes:
1. Directors Kouji Sasaki, Masataka Uesugi and Hideyuki Totani are Outside Director, as defined in Item 15 of Article 2 of the Companies Act.
2. The term of office for Directors who are not Audit & Supervisory Committee Members is from the Annual General Meeting of Shareholders for the fiscal year ended December 2018 until the conclusion of the Annual General Meeting of Shareholders for the fiscal year ending December 2019.
3. The term of office for Directors who are Audit & Supervisory Committee Members is from the Annual General Meeting of Shareholders for the fiscal year ended December 2017 until the conclusion of the Annual General Meeting of Shareholders for the fiscal year ending December 2019.
4. The Audit & Supervisory Committee is comprised of the following members: Chair Kouji Sasaki, Member Masataka Uesugi and Member Hideyuki Totani
5. 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

Our Group seeks to adhere to the basic principles and aims of corporate governance to ensure transparent management for all concerned parties including shareholders, as well as to improve the efficiency of management in order to realize the "sustained improvement of corporate value".

The following is an overview of corporate structures

a) Board of Directors Meeting

It is our policy for the composition of the Board of Directors to include multiple outside directors (Two or more) and to report all outside directors as Independent Directors as stipulated by the Tokyo Stock Exchange.

As of March 29, 2019, the Board was comprised of 4 directors (Excluding directors who are Audit & Supervisory Committee Members) and 3 directors who are Audit & Supervisory Committee Members (3 of whom are outside directors) for a total of 7 members (7 males and no female). The Board of Directors ensures transparent management and makes decisions on matters of importance for management, such as supervision of execution of overall management of our Group, decisions on Group optimization strategies that are vital to Group management, and responses to common challenges facing our Group.

b) Audit & Supervisory Committee

The Audit & Supervisory Committee consists of 3 outside directors who are independent and Audit & Supervisory Committee Members (3 males and no female) and discusses, deliberates and makes decisions on important matters concerning audits. The Audit & Supervisory Committee also works to establish ties in which it can receive timely reports from Accounting Auditors.

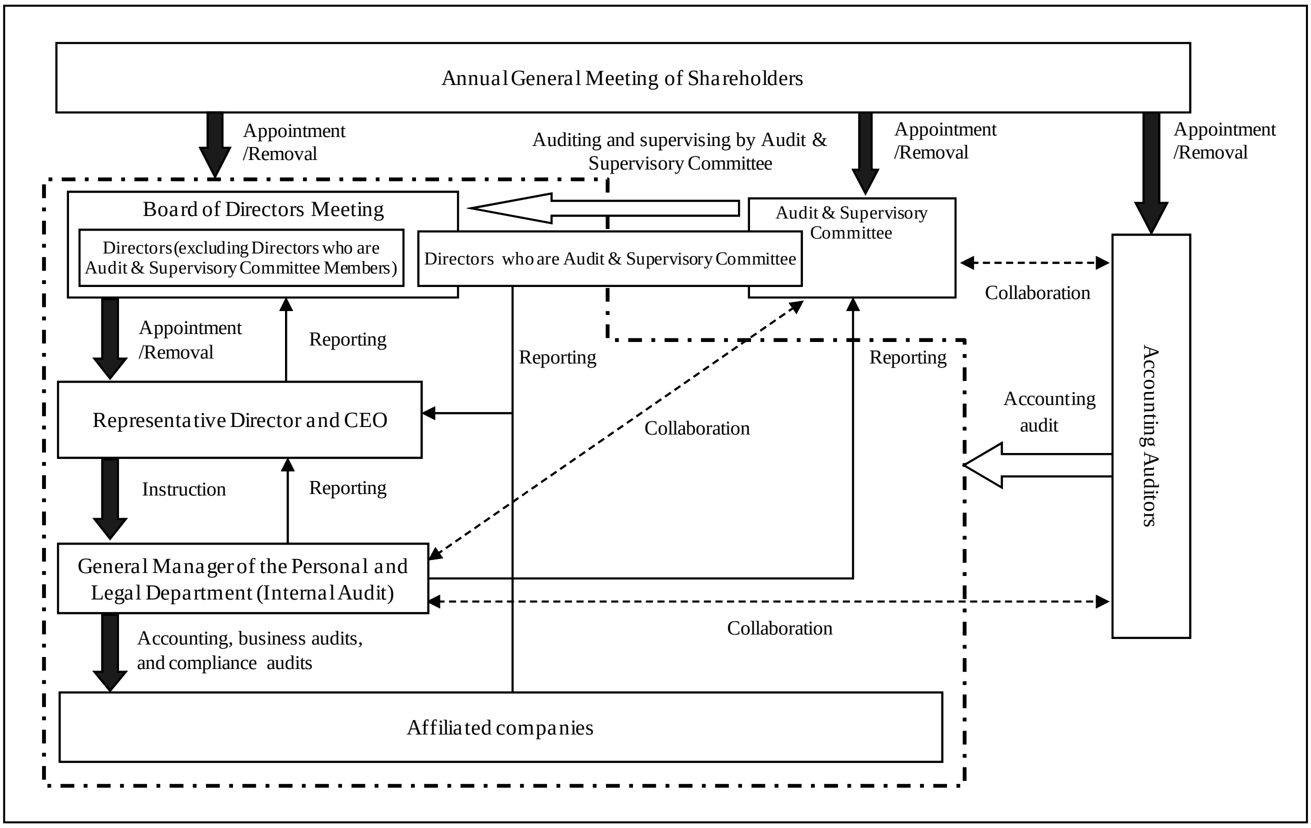
c) General Manager of the Personnel and Legal Department

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 to promote compliance with social and in-house rules. In addition, evaluation for improvement, maintenance and validity of the internal control systems and guidelines related to financial reporting, and internal auditing work including information security system organization are used to improve the corporate value of our Group.

d) Accounting Auditors

As an auditing company in charge of accounting audits, we have entered into contracts with PricewaterhouseCoopers Aarata LLC. 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

Fullcast Holdings Co., Ltd. transitioned from a company with a Board of Corporate Auditors to a company with an Audit & Supervisory Committee after a resolution to make changes to the Articles of Incorporation including the transition to a company with an Audit & Supervisory Committee was passed at the 23rd General Meeting of Shareholders held on March 25, 2016.

As of March 29, 2019, Fullcast Holdings Co., Ltd. is a company with a Board of Directors Meeting, which is comprised of 7 directors, including 4 directors (Excluding those who are Audit & Supervisory Committee Members) and 3 directors who are Audit & Supervisory Committee Members, and also a company with an Audit & Supervisory Committee, which is comprised of 3 directors who are Audit & Supervisory Committee Members.

To achieve the aforementioned basic principles and goals of corporate governance, we have chosen outside directors to serve as 3 of our 7 directors, and in so doing we aim to strengthen the supervisory function of overall management from an external perspective.

Regarding directors who are Audit & Supervisory Committee Members, by appointing all 3 as outside auditors (One of them being a fulltime Audit & Supervisory Committee Member), 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 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 problems arise, they are reported immediately to the Board of Directors Meeting.

b) The following measures shall be taken to ensure the Risk Management System is maintained in the performance of duties by directors (Excluding directors who are Audit & Supervisory Committee Members) 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 in 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 (Excluding directors who are Audit & Supervisory Committee Members), 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 the course of our business. 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.
   i. The General Manager of the Personnel and Legal Department will instruct directors (Excluding directors who are Audit & Supervisory Committee Members) 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 (Excluding directors who are Audit & Supervisory Committee Members) and Audit & Supervisory Committee Members can always review documents in “ii” above.

d) The following measures shall be taken to ensure the efficient execution of duties of Directors of Fullcast Holdings Co., Ltd. and the Fullcast Group.
   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 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 Meetings, 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 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, the Board of Directors at Group companies will also lead by example by acting based on this code of conduct.

ii. Where they have discovered serious legal violations by Group companies or other important facts concerning risk have been discovered, 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 Audit & Supervisory Committee.

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 Audit & Supervisory Committee.

i. Where a request is made by an Audit & Supervisory Committee Member for an employee to be allocated to assist in their work, the Company's employees shall be assigned to provide them with assistance. Audit & Supervisory Committee Member's assistants shall not be subject to the direction of directors (Excluding those who are Audit & Supervisory Committee Members), and Audit & Supervisory Committee Members shall conduct their performance reviews. Consent must be gained from the Audit & Supervisory Committee to transfer or reprimand those employees assisting them.

ii. Audit & Supervisory Committee Member's assistants shall not jointly take on posts that involve execution of work.

iii. Where directors (Excluding those who are Audit & Supervisory Committee Members) or employees of Fullcast Holdings Co., Ltd. or the Fullcast Group have discovered facts about legal violations or matters that may cause significant damage to the Company, they must promptly report these facts to an Audit & Supervisory Committee Member. Directors (Excluding those who are Audit & Supervisory Committee Members) or employees of Fullcast Holdings Co., Ltd. or the Fullcast Group who report these matters shall be kept anonymous and persons who report these matters will not treated unfairly because they reported these matters.

iv. A whistleblower hotline will be set up outside the Company. Persons who use the whistleblower system will be kept anonymous and these individuals will not be treated unfairly because they used the whistleblower system. In addition, a system will be put in place to report information submitted to the whistleblower hotline outside the Company to the General Manager of the Personnel and Legal Department and Full-Time Audit & Supervisory Committee Member.

v. Directors (Excluding those who are Audit & Supervisory Committee Members) or employees of Fullcast Holdings Co., Ltd. or the Fullcast Group must report immediately to an Audit & Supervisory Committee member if requested by an Audit & Supervisory Committee Member to report matters concerning the execution of business.

vi. Audit & Supervisory Committee Members can attend the Board of Directors Meetings of subsidiaries and other meetings deemed necessary for audit purposes by and Audit & Supervisory Committee Member. In addition, Audit & Supervisory Committee Members can browse documents they determine as necessary for audit purposes.

vii. Audit & Supervisory Committee Members shall work closely with the Accounting Auditor and Internal Audit Departments and can receive advice from outside experts such as an attorney, when necessary.

viii. When an Audit & Supervisory Committee Member requests the prepayment of expenses for carrying out their duties, the Company shall pay such costs or obligations immediately, excluding instances where deliberations with the department in charge determine that the costs or obligations related to the request are not necessary for the execution of the Auditor & Supervisory Committee Member's duties.

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 and 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 established to provide access to cooperation and appropriate advice on elimination of anti-social forces.

D. Investor Relation, Other Activities

Fullcast 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.

Our Company considers shareholders to be an important class of stakeholder and dates for shareholder related meetings such as the Annual General Meeting of Shareholders are set at times that allow for constructive dialogue with shareholders and to provide information that is accurate to achieve this dialogue.

Our Company holds briefings for institutional investors and analysts two times per year in order to as part of our efforts to promote constructive dialogue with investors within a reasonable scope outside of General Meetings of Shareholders from the perspective of contributing to sustainable growth and the medium- to long-term improvement of corporate value. The President, Representative Director and CEO attend all briefings where he endeavors to engage in proactive dialogue with participants.

Furthermore, the Company has established a system for disclosing information equally to investors in Japan and overseas through its website.

The Company, through its initiatives, endeavors to be the most accountable company in the industry and promotes discussions on corporate governance and important management policies with major shareholders who have an investment policy to realize returns over the medium to long term.

2) Internal Audits and audits by Audit & Supervisory Committee

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 Audit & Supervisory Committee

All three Audit & Supervisory Committee Members on our Audit & Supervisory Committee are outside directors who are independent. Outside directors who are Audit & Supervisory Committee Members include a tax accountant and a lawyer. As well as conducting audits from various expert standpoints, based upon standards for audits and other tasks by the Audit & Supervisory Committee, 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

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

The shareholdings of our Company by our 3 Outside Directors are outlined below.

(As of March 29, 2019)

Position in the Company	Name	Number of shares held
Full-Time Audit & Supervisory Committee Members	Kouji Sasaki	9,600
Audit & Supervisory Committee Members	Masataka Uesugi	-
Audit & Supervisory Committee Members	Hideyuki Totani	-

Hideyuki Totani has a concurrent post at F-PLAIN Corporation which is a consolidated subsidiary of the company.

There is no special conflict of interest between the Company and the other important concurrent offices of the Company's outside directors.

B. Attitudes towards functions, roles and appointment of Outside Directors

In appointing outside directors, we select them based on the following line of thought.

(Outside directors)

- Outside directors are selected from those who are judged to be qualified as having rich experience and special knowledge 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, their independence is objectively judged in appointing new outside directors, in accordance with the judgment criteria for independence of independent directors stipulated by the Tokyo Stock Exchange, Inc. and the Standards for Independence of outside directors created by the Company.
- 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.

(Reference) Standards for Independence of Outside Directors

The Company has stipulated the following standards for determining the independence of the Company's outside directors as part of its efforts to strengthen corporate governance.

Conditions of Independence for Independent Officers

The Company's independent officers are outside directors as stipulated in the Companies Act and Ordinance for Enforcement of the Companies Act and they are persons who satisfy the following conditions, in addition to the conditions for independence set forth by financial instrument exchanges in Japan, including the Tokyo Stock Exchange.

1. Persons who do not fall into any of the following categories
   (1) A director who is not an executor of business or executor of business of the Company's parent company;
   (2) An executor of business of the Company's sister company;
   (3) An organization for whom Company or the Company's subsidiaries (Hereinafter, “the Group”) is the major customer or a person who executes the business of that major customer;
   (4) A major customer of the Group or a person who executes the business of that major customer;
   (5) A consultant, accounting expert or legal expert who, in addition to director's remuneration receives money exceeding a certain amount or other assets from the Group (or an organization that receives the said assets or person who belongs to the said organization)
   (6) A person who fell into any of the categories described in (1) to (5) above in the last one year;
   (7) A relative of a person (Excluding unimportant persons) who falls into any of the following categories (i) to (iii) within the second degree of the relationship:
      (i) A person who falls into any of the above categories (1) to (6);
      (ii) An executor of business for a subsidiary of the Company;
      (iii) A person who falls into (ii) or was an executor of business for the Company in the last year
2. Individuals who do not have other circumstances that prevents them from fulfilling their duties as independent officer.
3. Even when 1 or 2 above applies, an individual can still be appointed as independent officer if it is determined they effectively possess independence and the reason is explained and disclosed at the time of their appointment as outside officer.

Notes:
1. An “executor of business” means a director in charge of business execution, an executive officer, or an employee.
2. A “major customer” means a company whose payments or receivables account for over 2% of annual consolidated sales of the Group within most recent business year.
3. “In addition to director's remuneration receives money exceeding a certain amount or other assets from the Group” means a person who received monetary proceeds of 10 million yen or more or interests with the equivalent value from the Group, in addition to director's remuneration, in the most recent business year.

Audit & Supervisory Committee Members Kouji Sasaki, Masataka Uesugi, and Hideyuki Totani, who are also outside directors, were appointed after being judged to be qualified as having rich experience in governance and specialist knowledge, and indicating objectivity towards management, from the perspective of enhancing supervisory functions for the overall execution of work and ensuring transparency of management. The Company has appointed them as independent officers (Which refers to outside directors and outside auditors for whom there is no risk of conflict of interest with general shareholders), which the Tokyo Stock Exchange stipulates as a “matter to be observed” under the Corporate Code of Conduct. The Company has also notified the stock exchange of their appointment.

Kouji Sasaki maintains the qualification of professional tax accountant, Masataka Uesugi as attorney-at-law, and Hideyuki Totani as certified public accountant.

C. Overview of contracts signed with Outside Directors who are Audit & Supervisory Committee members, 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 directors who are Audit & Supervisory Committee Members 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 the Company is 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 who are Audit & Supervisory Committee Members, mutual cooperation with audits by internal, Audit & Supervisory Committee, and accounting audits, and relationships between the internal control department and those members

In the Board of Directors Meetings, outside directors who are Audit & Supervisory Committee Members provide necessary comments for resolutions and discussions as required, and state opinions on resolutions and discussions as the need arises, from the perspective of decision-making processes used in execution of duties by directors (Excluding Audit & Supervisory Committee Members) and in corporate resolutions are appropriate.

Audit & Supervisory Committee Members and the Internal Audit Department work towards mutual cooperation through formulation of audit plans and reporting on outcomes of internal audits. At the Audit & Supervisory Committee Meetings, audit plans and detailed explanations on audit plans are carried out in a timely manner by PricewaterhouseCoopers Aarata LLC., the Company's 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 President, Representative Director and CEO then report the summarized findings to the Board of Directors Meetings, the Audit & Supervisory Committee and Accounting Auditor as required in a timely manner. Even in cases where 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 Audit & Supervisory Committee and Accounting Auditors as required in a timely manner.

4) Officer 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 (Million yen)	Total amount by type of remuneration (Million yen)				Number of officers covered
		Basic remuneration	Stock options	Bonuses	Retirement benefits	
Directors (Excluding Audit & Supervisory Committee Members) (Excluding outside directors)	118	99	19	-	-	4
Directors (Audit & Supervisory Committee Members) (Excluding outside directors)	-	-	-	-	-	-
Outside officers	14	14	-	-	-	3

Notes: 1. The limit on renumeration of directors (Excluding Audit & Supervisory Committee Members) is set at 200 million yen per year, as determined at the General Meeting of Shareholders on March 25, 2016. At the General Meeting of Shareholders on March 24, 2017, share acquisition rights were issued as part of stock option to the directors (Excluding Audit & Supervisory Committee Members).

2. The limit on renumeration of directors (Audit & Supervisory Committee Members) is set at 50 million yen per year, as determined at the General Meeting of Shareholders on March 25, 2016.

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 relevant matters.

D. Policy concerning decisions on officer remuneration amounts

It is stated in the Articles of Incorporation that officers' remuneration is stipulated based upon decisions made at the Annual General Meeting of Shareholders.

Our Company determines the amount of remuneration for executive officers once each year, and in particular for the President, Representative Director and CEO these amounts reflect both the degree of responsibility and results in business performance, and must be within the range of remuneration limits determined at the General Meeting of Shareholders. In addition, the Board of Directors Meeting approved the issuance of share acquisition rights within the scope of renumeration as part of stock compensation-type stock options to be granted to the Company's Directors (excluding directors who are Audit & Supervisory Committee Members) in order to further enhance linkages between director remuneration and the Company's performance and shareholder interests.

The remuneration of directors (Excluding those who are Audit & Supervisory Committee Members) is determined individually based on deliberations at the Board of Directors Meetings, which includes 3 Audit & Supervisory Committee Members and independent outside directors to ensure transparency. The remuneration of directors who are Audit & Supervisory Committee Members is determined individually based on deliberations by the Audit & Supervisory Committee.

5) Possession of shares

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: 4

Total value recorded in balance sheets: 20 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 fiscal year)

Special Stocks

Stock	Number of shares	Amount recorded in balance sheets (Million yen)	Purpose for holding
Saint Care Holding Corporation	36,000	30	For maintaining and strengthening relations

(Current fiscal year)

Special Stocks

Stock	Number of shares	Amount recorded in balance sheets (Million yen)	Purpose for holding
Saint Care Holding Corporation	36,000	19	For maintaining and strengthening relations

C. Investment shares held for net investment purposes

	Previous fiscal year (Million yen)	Current fiscal year(Million yen)			
	Total value recorded in balance sheets	Total value recorded in balance sheets	Total amount of dividend income	Total amount of sales gain (Loss)	Total amount of valuation gain (Loss)
Unlisted equity securities	-	-	-	-	-
Securities other than unlisted equity securities	-	311	-	-	28

The following shows the status of F-PLAIN Corporation, which is the company with the next highest balance sheet amount for investment shares among the Company and its consolidated subsidiaries.

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

Number of different stocks: 1

Total value recorded in balance sheets: 225 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 fiscal year)

Special Stocks

Stock	Number of shares	Amount recorded in balance sheets (Million yen)	Purpose for holding
Vision Co., Ltd.	59,200	172	For maintaining and strengthening relations

(Current fiscal year)

Special Stocks

Stock	Number of shares	Amount recorded in balance sheets (Million yen)	Purpose for holding
Vision Co., Ltd.	59,200	225	For maintaining and strengthening relations

C. Investment shares held for net investment purposes

There are no relevant matters.

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

Takayuki Ikenoue (PricewaterhouseCoopers Aarata LLC)

He has been continuously involved with us for 4 years.

B. Audit assistants

Certified public accountants: 6

Others: 15

7) Resolution matters for the 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 treasury shares

To be able to improve capital efficiency and increase returns 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 Audit & Supervisory Committee Members (Including former directors, former Audit & Supervisory Committee Members, and Audit & Supervisory Board Member) resulting from negligence of duty

To be able to adequately conduct the roles that are expected to be performed in normal course of business.

8) Number of Directors

It is stipulated in the Articles of Incorporation that there are to be no more than 10 directors (Excluding directors who are

Audit & Supervisory Committee Members) and no more than 4 directors who are Audit & Supervisory Committee members 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 be exercised.

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 General Meeting of Shareholders

Our Company endeavors to smoothly conduct the Annual General Meeting of Shareholders, 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 Fiscal Year		Current Fiscal Year	
	Remuneration based on audit certification work (Millon yen)	Remuneration based on non-auditing work (Millon yen)	Remuneration based on audit certification work (Millon yen)	Remuneration based on non-auditing work (Millon yen)
Submitting company	25	-	38	-
Consolidated subsidiaries	17	-	-	-
Total	42	-	38	-

2) Other significant remuneration

There are no relevant matters.

3) Non-auditing work for submitting companies by audit-certified accountants, etc.

There are no relevant matters.

4) Policy for determining audit remuneration

At our Company, we determine audit remuneration after giving consideration of 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 in accordance with “Regulations for Terminology, Forms, and Preparation Methods of Consolidated Financial Statements” (Minister of Finance Decree No. 28, 1976).

(2) The Company's consolidated financial statements are prepared in accordance with “Regulations for Terminology, Forms, and Preparation Methods of Consolidated Financial Statements” (Minister of Finance Decree No. 59, 1963). The Company falls under the companies submitting special consolidated financial statements and prepares financial statements in accordance with the provisions of the Article 127 of the Regulations for Financial Statements.

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 Arata LLC. for consolidated financial statements of the current consolidated fiscal year (January 1 to December 31, 2018) and for financial statements of the current fiscal year (January 1 to December 31, 2018).

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 standards. Furthermore, we have put in place systems for receiving information from companies specializing in disclosure on both a regular and occasional basis.

1. Consolidated Financial Statements

(1) Consolidated Financial Statements

1) Consolidated Balance Sheet

(Million yen)

	FY12/17 end (December 31, 2017)	FY12/18 end (December 31, 2018)
ASSETS		
Current assets		
Cash and deposits	9,371	8,467
Notes and accounts receivable-trade	4,135	5,195
Merchandise	6	23
Supplies	22	45
Deferred tax assets	237	148
Other	301	315
Allowance for doubtful accounts	(18)	(18)
Total current assets	14,053	14,175
Non-current assets		
Property, plant and equipment		
Buildings and structures	※3 617	※3 788
Accumulated depreciation and impairment loss	(260)	(325)
Buildings and structures, net	358	463
Machinery equipment and vehicles	9	11
Accumulated depreciation and impairment loss	(9)	(10)
Machinery, equipment and vehicles, net	0	1
Tools, furniture and fixtures	955	770
Accumulated depreciation and impairment loss	(778)	(588)
Tools, furniture and fixtures, net	178	182
Land	※3 264	※3 565
Construction in progress	32	36
Total property, plant and equipment	832	1,247
Intangible assets		
Software	283	298
Goodwill	459	1,146
Other	22	22
Total intangible assets	764	1,466
Investments and other assets		
Investment securities	※1 505	※1 2,161
Guarantee deposits	396	501
Deferred tax assets	143	170
Other	213	218
Allowance for doubtful accounts	(92)	(88)
Total investments and other assets	1,165	2,961
Total non-current assets	2,760	5,673
Total assets	16,813	19,849

(Million yen)

	FY12/17 end (December 31, 2017)	FY12/18 end (December 31, 2018)
LIABILITIES		
Current liabilities		
Notes and accounts payable-trade	5	25
Short-term loans payable	※2 1,006	※2 1,000
Current portion of long-term loans payable	※3 17	※3 15
Accounts payable-other	951	1,411
Accrued expenses	865	1,031
Income taxes payable	734	984
Accrued consumption taxes	687	889
Provision for bonuses	11	57
Allowance for subscription cancellations	89	46
Other	260	360
Total current liabilities	4,626	5,820
Non-current liabilities		
Long-term loans payable	※3 253	※3 237
Net defined benefit liability	491	557
Asset retirement obligations	50	73
Deferred tax liabilities	27	56
Other	27	57
Total non-current liabilities	848	980
Total liabilities	5,474	6,800
NET ASSETS		
Shareholders' equity		
Capital stock	2,780	2,780
Capital surplus	2,006	2,006
Retained earnings	6,605	8,858
Treasury shares	(598)	(1,280)
Total shareholders' equity	10,793	12,364
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	72	110
Total accumulated other comprehensive income	72	110
Share acquisition rights	32	76
Non-controlling interests	441	499
Total net assets	11,339	13,049
Total liabilities and net assets	16,813	19,849

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

(Consolidated Profit and Loss Statement)

(Million yen)

	FY12/17 (January 1 to December 31, 2017)	FY12/18 (January 1 to December 31, 2018)
Net sales	32,066	38,852
Cost of sales	19,384	22,196
Gross profit	12,682	16,656
Selling, general and administrative expenses		
Salaries and bonuses	2,481	3,728
Other salaries	1,116	1,346
Legal welfare expenses	516	764
Retirement benefit expenses	87	101
Communication expenses	364	364
Traveling and transportation expenses	344	458
Rents	633	792
Depreciation	257	210
Advertising expenses	426	461
Recruitment expenses	439	510
Provision of allowance for doubtful accounts	8	9
Amortization of goodwill	159	160
Other	1,428	1,854
Total selling, general and administrative expenses	8,258	10,760
Operating income	4,424	5,896
Non-operating income		
Interest income	3	2
Dividends income	1	2
Share of profit of entities accounted for using equity method	52	-
Insurance premiums refunded cancellations	60	21
Subsidy income	10	16
Other	37	28
Total non-operating income	163	69
Non-operating expenses		
Interest expenses	8	9
Provision of allowance for doubtful accounts	102	-
Damage compensation expenses	5	2
Settlement package	12	16
Share of loss of entities accounted for using equity method	-	620
Other	53	32
Total non-operating expenses	181	679
Ordinary income	4,406	5,286

(Million yen)

	FY12/17 (January 1 to December 31, 2017)	FY12/18 (January 1 to December 31, 2018)
Extraordinary income		
Gain on step acquisitions	167	-
Gain on transfer of business	-	24
Other	※1 0	-
Total extraordinary income	167	24
Extraordinary loss		
Loss on retirement of non-current assets	※3 17	※3 6
Loss on sales of non-current assets	※2 3	※2 2
Impairment loss	※4 48	-
Other	8	1
Total extraordinary losses	75	9
Income before income taxes	4,498	5,301
Income taxes-current	1,266	1,852
Income taxes-deferred	207	88
Total income taxes	1,474	1,940
Net income	3,024	3,361
Profit attributable to non-controlling interests	30	51
Net income attributable to Fullcast Holdings Co., Ltd.	2,994	3,310

(Consolidated Statement of Comprehensive Income)

(Million yen)

	FY12/17 (January 1 to December 31, 2017)	FY12/18 (January 1 to December 31, 2018)
Net income	3,024	3,361
Other comprehensive income		
Valuation difference on available-for-sale securities	67	45
Share of other comprehensive income of entities accounted for using equity method	(10)	-
Total other comprehensive income	※ 56	※ 45
Comprehensive income	3,081	3,406
(Break down)		
Comprehensive income attributable to Fullcast Holdings Co., Ltd.	3,040	3,347
Comprehensive income attributable to non-controlling interests	41	59

3) Consolidated Statements of Shareholders' Equity

Previous fiscal year (January 1 to December 31, 2017)

(Million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at the beginning of the period	2,780	2,006	4,488	(100)	9,174
Changes of items during the period					
Dividends of surplus			(876)		(876)
Net income attributable to Fullcast Holdings Co., Ltd.			2,994		2,994
Purchase of treasury shares				(498)	(498)
Net changes of items other than shareholders' equity					
Total changes of items during the period	-	-	2,118	(498)	1,620
Balance at the end of the period	2,780	2,006	6,605	(598)	10,793

	Accumulated other comprehensive income		Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income			
Balance at the beginning of the period	27	27	-	71	9,272
Changes of items during the period					
Dividends of surplus					(876)
Net income attributable to Fullcast Holdings Co., Ltd.					2,994
Purchase of treasury shares					(498)
Net changes of items other than shareholders' equity	46	46	32	370	448
Total changes of items during the period	46	46	32	370	2,067
Balance at the end of the period	72	72	32	441	11,339

Current fiscal year (January 1 to December 31, 2018)

(Million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at the beginning of the period	2,780	2,006	6,605	(598)	10,793
Changes of items during the period					
Dividends of surplus			(1,057)		(1,057)
Net income attributable to Fullcast Holdings Co., Ltd.			3,310		3,310
Purchase of treasury shares				(682)	(682)
Net changes of items other than shareholders' equity					
Total changes of items during the period	-	-	2,253	(682)	1,571
Balance at the end of the period	2,780	2,006	8,858	(1,280)	12,364

	Accumulated other comprehensive income		Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income			
Balance at the beginning of the period	72	72	32	441	11,339
Changes of items during the period					
Dividends of surplus					(1,057)
Net income attributable to Fullcast Holdings Co., Ltd.					3,310
Purchase of treasury shares					(682)
Net changes of items other than shareholders' equity	37	37	43	59	139
Total changes of items during the period	37	37	43	59	1,710
Balance at the end of the period	110	110	76	499	13,049

4) Consolidated Cash Flows Statement

(Million yen)

	FY12/17 (January 1 to December 31, 2017)	FY12/18 (January 1 to December 31, 2018)
Cash flows from operating activities		
Profit before income taxes	4,498	5,301
Depreciation	267	224
Impairment loss	48	-
Amortization of goodwill	159	160
Loss (gain) on step acquisitions	(167)	-
Increase(decrease) in allowance for doubtful accounts	87	(5)
Increase(decrease) in allowance for subscription cancellations	(213)	(43)
Increase (decrease) in net defined benefit liability	59	66
Interest and dividends income	(4)	(4)
Interest expenses	8	9
Loss (gain) on valuation of investment securities	8	1
Share of loss (profit) of entities accounted for using equity method	(52)	620
Loss on sales of non-current assets	-	2
Loss on retirement of non-current assets	17	6
Decrease (increase) in notes and accounts receivable-trade	(593)	(593)
Decrease (increase) in inventories	(12)	(22)
Increase (decrease) in notes and accounts payable-trade	188	213
Decrease (increase) in accounts receivable-other	51	(2)
Increase (decrease) in accrued expenses	(4)	2
Increase (decrease) in accrued consumption taxes	77	152
Gain on maturity of insurance contract	-	(21)
Increase (decrease) in accrued enterprise taxes	(2)	126
Other, net	45	29
Subtotal	4,466	6,221
Interest and dividend income received	4	17
Interest expenses paid	(10)	(6)
Income taxes paid	(760)	(1,772)
Income taxes refund	201	15
Cash flows from operating activities	3,901	4,474
Cash flows from investing activities		
Purchase of property, plant and equipment	(114)	(240)
Purchase of intangible assets	(79)	(58)
Purchase of investment securities	(0)	(2,211)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	※2 (41)	※2 (733)
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	-	※2 263
Payments of loans receivable	-	(29)
Collection of loans receivable	-	51
Proceeds from transfer of business	-	24
Proceeds from cancellation of insurance funds	-	52
Other, net	47	10
Cash flows from investing activities	(187)	(2,870)

(Million yen)

	FY12/17 (January 1 to December 31, 2017)	FY12/18 (January 1 to December 31, 2018)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(102)	(6)
Proceeds from long-term loans payable	200	-
Repayments of long-term loans payable	(29)	(762)
Purchase of treasury shares	(500)	(685)
Cash dividends paid	(875)	(1,056)
Cash flows from financing activities	(1,306)	(2,508)
Net increase (decrease) in cash and cash equivalents	2,409	(904)
Cash and cash equivalents at beginning of period	6,963	9,371
Cash and cash equivalents at end of period	※1 9,371	※1 8,467

Notes on Consolidated Financial Statements

(Significant Accounting Policies in the Preparation of the Consolidated Financial Statements)

1. Matters concerning the scope of consolidation

Details of all consolidated subsidiaries

Consolidated subsidiaries: 16

Name of the consolidated subsidiaries:

Fullcast Co., Ltd., Top Spot Co., Ltd., Fullcast Advance Co., Ltd., Fullcast Business Support Co., Ltd., OtetsudaiNetworks Inc., Work & Smile Co., Ltd., Dimension Pockets Co., Ltd., Fullcast Senior Works Co., Ltd., Fullcast Porter Co., Ltd., F-PLAIN Corporation, M's Line Co., Ltd., FSP Co., Ltd., Fullcast Global Co., Ltd., BOD Co., Ltd., BOD Alpha Co., Ltd., and Minimaid Service Co., Ltd.

BOD Co., Ltd. and Minimaid Service Co., Ltd., whose shares were acquired by the Company in the current fiscal year, have been included in the scope of consolidation. In addition, Fullcast Global Co., Ltd. and BOD Alpha Co., Ltd. were newly established in the current fiscal year, and therefore are included in the scope of consolidation.

2. Matters concerning the application of the equity accounting method

(1) Affiliates accounted for by the equity method: 3

Beat Co., Ltd., DeliArt Co., Ltd., Advancer Global Limited

The Company acquired shares of DeliArt Co., Ltd. and Advancer Global Limited in the current fiscal year and therefore these companies are included in the scope of equity method affiliates.

(2) Items requiring mention with regards to procedures for applying the equity method

Of the Company’s affiliates accounted for under the equity method, Beat Co., Ltd. and DeliArt Co., Ltd. have different fiscal year ends, and therefore, financial statements based upon provisional settlement of accounts as of the consolidated fiscal year ends are used in preparing consolidated financial statements.

3. Matters concerning the fiscal year end date and other information of consolidated subsidiaries

The settlement date of consolidated subsidiaries matches the consolidated account settlement date.

4. Matters related to accounting policies

(1) Valuation rules and methods for significant assets

1) Securities

Other securities

With fair market value

Mark-to-market price method based on the market price at end of the consolidated fiscal year

(Valuation differences are in part included directly in net assets and costs of securities sold are determined by the moving average method)

Without fair market value

Stated at cost, as determined by the moving average method

2) Inventories

The cost method (method to reduce book value from lower profitability) is adopted as the standard for valuation.

Products and supplies

First-in first-out method

(2) Depreciation methods of significant depreciable assets

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

Declining balance method

However, the straight-line method is used for buildings acquired on or after April 1, 1998 (excluding facilities attached to buildings) as well as facilities attached to buildings structures acquired on or after

April 1, 2016.

The main service life is as follows.

Buildings and structures:	3 to 50 years
Machinery and transportation equipment:	2 to 6 years
Tools, furniture and fixtures:	2 to 20 years

2) Intangible assets (Excluding lease assets)

Straight-line method

The straight-line method based on the usable period in-house (Five years) is used for software (Portion used by the Company).

3) Lease assets

Lease assets from ownership non-transfer finance lease is calculated for the lease period as the service life and based on the straight-line method with zero residue prices.

(3) Standards for major allowances

1) Allowance for doubtful accounts

To provide for doubtful account expenses on trade receivables or loans receivable, the Company and its consolidated subsidiaries reserve an estimated doubtful account allowance on ordinary receivables based on historical doubtful account ratios, and on highly doubtful receivables based on the recoverability from individual customers.

2) Provision for bonuses

To prepare for the payment of bonuses to employees, an amount accrued for the subject fiscal year among the estimated future obligations is designated in the reserve account.

3) Allowance for subscription cancellations

An allowance for subscription cancellations containing an estimated reversal amount versus net sales of the fiscal year under review has been established in order to prepare for reversal of incentive income triggered upon the cancellation of mail-order merchandise by individual customers.

(4) Accounting treatment methods for retirement benefits

1) Method of attributing projected retirement benefits to periods of service

In calculating retirement benefit obligations, the benefit formula basis is applied to attribute projected retirement benefits to periods of service until the end of the current fiscal year.

2) Amortization of actuarial gains and losses and prior service costs

Prior service costs are amortized at once as an expense in the fiscal year when it's incurred.

Actuarial gain and losses are amortized at once as an expense in the fiscal year when it's incurred.

3) Adoption of simplified method for small-scale corporations, etc.

Certain consolidated subsidiaries adopt the simplified method which assumes the benefit obligation to be equal to the benefits payable assuming the voluntary retirement of all employees at fiscal year-end, within the calculation of retirement benefit liabilities and retirement benefit costs.

(5) Amortization method and period for goodwill

Goodwill is amortized over the period during which the influence of the goodwill is estimated to apply. However, if the monetary amount is small, goodwill is amortized all at once when it incurred.

(6) Scope of cash and cash equivalents in the consolidated statements of cash flows

Cash and cash equivalents in the consolidated statements of cash flows are comprised of cash in hand, demand deposits, and short-term investments with maturities of three months or less from the date of acquisition, that are liquid, readily convertible into cash and are subject to minimum risk of price fluctuation.

(7) Other important matters for the preparation of consolidated financial statements

1) Accounting treatment of consumption tax, etc.

Consumption tax and local consumption tax are accounted for by the tax-exclusion method.

2) Application of the consolidated tax payment system

The consolidated tax payment system has been applied to the Company and certain consolidated subsidiaries.

(Unapplied Accounting Standards)

1. Application Guidelines for Accounting Standards Pertaining Tax Effect Accounting, etc.

- Application Guidance Pertaining Tax Effect Accounting (ASBJ Guidance No. 28, revised February 16, 2018, Accounting Standards Board of Japan)
- Application Guidance on Recoverability of Deferred Tax Assets (ASBJ Guidance No. 26, revised February 16, 2018, Accounting Standards Board of Japan)

(1) Overview

Changes were made to the handling of future temporary differences related to the shares of subsidiaries on individual financial statements, and the handling regarding the recoverability of deferred tax assets on companies applicable to (Category I), has been clarified.

(2) Date of Planned Application

The Company will apply the Application Guidance Pertaining Tax Effect Accounting, etc. from the beginning of the fiscal year ending December 2019.

(3) Effect of the Application of the such Accounting Standard

The amount of the effect from the application of the Application Guidance Pertaining Tax Effect Accounting, etc. on the consolidated financial statements is currently being evaluated.

2. Accounting Standard for Revenue Recognition, etc.

- Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 30, 2018, Accounting Standards Board of Japan)
- Application Guidance on Accounting Standard for Revenue Recognition (ASBJ Guidance No. 30, March 30, 2018, Accounting Standards Board of Japan)

(1) Overview

The International Accounting Standards Board (IASB) and the U.S. Financial Accounting Standards Board (FASB) jointly developed a converged accounting standard for revenue recognition and released Revenue from Contracts with Customers (IFRS No. 15 at the IASB and Topic 606 at the FASB) in May 2014. In light of this, the Accounting Standards Board of Japan (ASBJ) has developed a converged accounting standard for revenue recognition, and it was released together with the application guidance.

The basic policy of the ASBJ in developing an accounting standard for revenue recognition was to use incorporation of the fundamental general principles of IFRS No. 15 as a starting point from the perspective of comparability of financial statements, which is one of the benefits to ensure consistency with IFRS No. 15, in the establishment of an accounting standard as well as the addition of alternative treatment within the scope of not losing comparability in the case of considerations such as conventional practices in Japan.

(2) Date of Planned Application

The Company will apply the Accounting Standard for Revenue Recognition, etc. from the beginning of the fiscal year ending December 2022.

(3) Effect of the Application of the such Accounting Standard

The amount of the effect from the application of the Accounting Standard for Revenue Recognition, etc. on the consolidated financial statements is currently being evaluated.

(Changes in Presentation Method)

(Consolidated Balance Sheet Related)

"Provision for bonuses" included in "Others" under "Current liabilities" in the previous fiscal year is presented separately from the current fiscal year because the monetary amount has became significant. Consolidated financial statements for the previous fiscal year have been restated in order to reflect this change in presentation.

As a result, the amount of 271 million yen appearing as "Others" under "Current liabilities" in the consolidated balance sheet for the previous fiscal year has been restated as "provision for bonuses" of 11 million yen and "Other" of 260 million yen.

(Consolidated Profit and Loss Statement Related)

(1) "Subsidy income" included in "Other" under "Non-operating income" in the previous fiscal year is presented separately from the current fiscal year because it exceeded 1/10th the total amount of non-operating income. Consolidated financial statements for the previous fiscal year have been restated in order to reflect this change in presentation.

As a result, the amount of 47 million yen appearing as "Others" under "Non-operating income" in the consolidated profit and loss statement for the previous fiscal year has been restated as "Subsidy income" of 10 million yen and "Others" of 37 million yen.

(2) "Loss on sales of non-current assets" included in "Other" under "Extraordinary loss" in the previous fiscal year is presented separately from the current fiscal year because it exceeded 1/10th the total amount of extraordinary losses.

Consolidated financial statements for the previous fiscal year have been restated in order to reflect this change in presentation.

As a result, the amount of 3 million yen appearing as "Others" under "Extraordinary loss" in the consolidated profit and loss statement for the previous fiscal year has been restated as "Loss on sales of non-current assets" of 3 million yen.

(3) "Loss on valuation of investment securities" presented separately in "Extraordinary loss" in the previous fiscal year has been restated in "Other" in the current fiscal year because the monetary amount has become insignificant.

Consolidated financial statements for the previous fiscal year have been restated in order to reflect this change in presentation.

As a result, the amount of 8 million yen appearing as "Loss on valuation of investment securities" under "Extraordinary loss" in the consolidated profit and loss statements for the previous fiscal year has been restated as "Other."

(Consolidated Cash Flows Statement Related)

"Increase (decrease) in accrued enterprise taxes" included in "Other, net" under "Cash flows from operating activities" in the previous fiscal year is presented separately from the current fiscal year because the monetary amount became significant. Consolidated financial statements for the previous fiscal year have been restated in order to reflect this change in presentation.

As a result, the amount of 44 million yen appearing as "Other, net" under "Cash flows from operating activities" in the consolidated cash flows statement for the previous fiscal year has been restated as "Increase (decrease) in accrued enterprise taxes" of (2) million yen and "Others" of 45 million yen.

(Notes on Consolidated Balance Sheet)

*1 The following figure reflect affiliated companies

(Million yen)

	FY12/17 end (December 31, 2017)	FY12/18 end (December 31, 2018)
Investment securities (equities)	272	1,567

*2 The Company and its subsidiaries signed an agreement for overdraft with four banks to procure operating capital efficiently.

The balance of borrowings involved in the agreement for overdraft at the end of this consolidated fiscal year is as follows:

(Million yen)

	FY12/17 end (December 31, 2017)	FY12/18 end (December 31, 2018)
Limit of overdraft account	5,850	5,700
Borrowing	1,000	1,000
Balance	4,850	4,700

*3 Assets pledged as collateral and secured liabilities

Assets pledged as collateral and secured liabilities are as follows:

(Million yen)

	FY12/17 end (December 31, 2017)	FY12/18 end (December 31, 2018)
Buildings and structures	208	198
Land	185	185
Total	394	384

(Million yen)

	FY12/17 end (December 31, 2017)	FY12/18 end (December 31, 2018)
Current portion of long-term loans payable	15	15
Long-term loans payable	253	237
Total	268	253

(Notes on Consolidated Income Statement)

*1. Significant components of gain on sales of non-current assets in “Other” under extraordinary income are as follows:

(Million yen)

	FY12/17 (January 1 to December 31, 2017)	FY12/18 (January 1 to December 31, 2018)
Tools, furniture and fixtures	0	-

*2. Significant components of loss on sales of non-current assets are as follows:

(Million yen)

	FY12/17 (January 1 to December 31, 2017)	FY12/18 (January 1 to December 31, 2018)
Tools, furniture and fixtures	3	2

*3. Significant components of loss on retirement of noncurrent assets are as follows:

(Million yen)

	FY12/17 (January 1 to December 31, 2017)	FY12/18 (January 1 to December 31, 2018)
Buildings and structures	2	0
Tools, furniture and fixtures	3	0
Software	-	1
Other	12	5
Total	17	6

*4. Details of impairment losses are as follows:

Previous fiscal year (January 1 to December 31, 2017)

The Group recorded impairment losses on the following asset groups during the fiscal year under review.

(1) Asset groups for which impairment was recognized

Use	Type	Location
Business assets	Tools, furniture and fixtures	Minato-ku, Tokyo and others
	Software	
	Goodwill	

(2) Background to recognition of impairment loss

F-PLAIN Corporation (Minato-ku, Tokyo), a consolidated subsidiary which operates the Sales Support Business, reviewed its business plan related to online business, and found a divergence from the initial plan. As a result, it has determined that the business assets of the Sales Support Business related to the online business have become irrecoverable at full book value, resulting in recognition of an impairment loss.

(3) Amount of impairment loss

Tools, furniture and fixtures: 0 million yen
Software: 6 million yen
Goodwill: 42 million yen

(4) Asset grouping method

The Group groups assets according to business segment in the application of impairment accounting.

(5) Method of calculation for recoverable amount

The Group's recoverable amount uses utility value and has been calculated to be zero based on an estimation of future cash flow.

Current fiscal year (January 1 to December 31, 2018)

There are no relevant matters.

(Notes on Consolidated Statement of Comprehensive Income)

* Amount of modifications and tax effect in other comprehensive income

(Million yen)

	FY12/17 (January 1 to December 31, 2017)	FY12/18 (January 1 to December 31, 2018)
Valuation difference on available-for-sale securities:		
Amount incurred during the current fiscal year	89	68
Reclassification adjustment	-	-
Before tax effect adjustment	89	68
Tax effect	(33)	(23)
Valuation difference on available-for-sale securities	56	45
Total other comprehensive income	56	45

(Notes on in Consolidated Statement of Shareholders' Equity)

Previous fiscal year (January 1 to December 31, 2017)

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

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)	38,486,400	-	-	38,486,400
Total	38,486,400	-	-	38,486,400
Treasury shares Common stock (shares)	148,500	453,400	-	601,900
Total	148,500	453,400	-	601,900

(Summary of reason for change)

Acquisition of treasury shares resolution of the Board of Directors on February 10, 2017: 453,400 shares

2. Matters concerning share acquisition rights

Name of company	Details of share acquisition rights	Type of share for the purpose of stock acquisition rights	Number of shares for the purpose of stock acquisition rights				Balance at the end of the fiscal year (million yen)
			Beginning of the fiscal year	Increase in the fiscal year	Decrease in the fiscal year	End of the fiscal year	
Submitting company	Share acquisition rights as stock options	-	-	-	-	-	32
Total		-	-	-	-	-	32

Note: The first day of the rights exercise period for share acquisition rights awarded as stock options has yet to arrive.

3. Matters concerning dividend

(1) Dividend payments

Resolution	Type of shares	Total amount of dividend (million yen)	Dividend per share (yen)	Record date	Effective date
Board of Directors Meeting on February 10, 2017	Common stock	422	11.00	December 31, 2016	March 10, 2017
Board of Directors Meeting on August 4, 2017	Common stock	455	12.00	June 30, 2017	September 4, 2017

(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
Board of Directors Meeting on February 9, 2018	Common stock	Retained earnings	530	14.00	December 31, 2017	March 9, 2018

Current fiscal year (January 1 to December 31, 2018)

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

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)	38,486,400	-	-	38,486,400
Total	38,486,400	-	-	38,486,400
Treasury shares Common stock(shares)	601,900	276,652	-	878,552
Total	601,900	276,652	-	878,552

(Summary of reason for change)

Acquisition of treasury stock resolution of the Board of Directors on February 9, 2018: 276,600 shares

Purchase of shares less than one unit: 52 shares

2. Matters concerning share acquisition rights

Name of company	Details of share acquisition rights	Type of share for the purpose of stock acquisition rights	Number of shares for the purpose of stock acquisition rights				Balance at the end of the fiscal year (million yen)
			Beginning of the fiscal year	Increase in the fiscal year	Decrease in the fiscal year	End of the fiscal year	
Submitting company	Share acquisition rights as stock options	-	-	-	-	-	76
Total		-	-	-	-	-	76

Note: The first day of the rights exercise period for share acquisition rights awarded as stock options has yet to arrive.

3. Matters concerning dividend

(1) Dividend payments

Resolution	Type of shares	Total amount of dividend (million yen)	Dividend per share (yen)	Record date	Effective date
Board of Directors Meeting on February 9, 2018	Common stock	530	14.00	December 31, 2017	March 9, 2018
Board of Directors Meeting on August 10, 2018	Common stock	527	14.00	June 30, 2018	September 3, 2018

(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
Board of Directors Meeting on February 8, 2019	Common stock	Retained earnings	677	18.00	December 31, 2018	March 15, 2019

(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:

(Million yen)

	FY/12/17 (January 1 to December 31, 2017)	FY12/18 (January 1 to December 31, 2018)
Cash and deposits	9,371	8,467
Cash and cash equivalents	9,371	8,467

*2 Main breakdown of assets and liabilities of companies that newly became consolidated subsidiaries through the acquisition of their shares

Previous fiscal year (January 1 to December 31, 2017)

The following presents the breakdown of assets and liabilities from the start of consolidation of newly acquired F-PLAIN Corporation and its subsidiaries as well as the acquisition cost of shares of F-PLAIN Corporation and the relationship with expenditures (net increase) for the acquisition of F-PLAIN Corporation.

Current assets	1,857
Non-current assets	449
Goodwill	547
Current liabilities	(768)
Non-current liabilities	(35)
Non-controlling interests	(329)
Equity method valuation until time control was acquired	(358)
Gain on step acquisitions	(167)
Acquisition cost of additionally acquired shares	1,198
Cash and cash equivalents	(1,156)
Allowance: expenditure for acquisition	41 million yen

Current fiscal year (January 1 to December 31, 2018)

The following presents the breakdown of assets and liabilities from the start of consolidation of newly acquired BOD Co., Ltd. as well as the acquisition cost of shares of BOD Co., Ltd. and the relationship with proceeds (net increase) from the acquisition of BOD Co., Ltd.

Current assets	783
Non-current assets	72
Goodwill	235
Current liabilities	(458)
Non-current liabilities	(523)
Acquisition cost for shares	(109)
Cash and cash equivalents	372
Allowance: proceeds from acquisition	263 million yen

The following presents the breakdown of assets and liabilities from the start of consolidation of newly acquired Minimaid Service Co., Ltd. as well as the acquisition cost of shares of Minimaid Service Co., Ltd. and the relationship with expenditures (net increase) for the acquisition of Minimaid Service Co., Ltd.

Current assets	239
Non-current assets	317
Goodwill	612
Current liabilities	(110)
Non-current liabilities	(209)
Acquisition cost for shares	(850)
Cash and cash equivalents	117
Allowance: expenditure for acquisition	733 million yen

(Notes Regarding Financial Instruments)

Previous fiscal year (January 1 to December 31, 2017)

1. Matters concerning the state of financial instruments

(1) Policy initiatives for financial instruments

The Group assumes bank loans for necessary funds. 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. In addition, investment securities are mainly the stocks of companies with which the Company has a business relationship and steps are taken to ascertain the market value of these securities on a regular basis.

(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. As for loans, the Company signed an agreement for overdraft with four main banks to procure operating capital efficiently (short-term loans), and a loan agreement with financial organizations for the purpose of capital investments (long-term loans).

(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, and 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 risks resulting from worsening financial situations.

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

Although loans are exposed to interest-rate risks, their impacts on earnings from changes in interest rates are estimated to be minimal.

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, 2017 (the consolidated settlement date for the term), are as follows. Financial instruments for which it is extremely difficult to determine market price are not included in the following chart (see Note 2.)

	Consolidated balance sheet amount (Million yen)	Market value (Million yen)	Difference (Million yen)
(1) Cash and deposits	9,371	9,371	-
(2) Notes and accounts receivable-trade	4,135	4,135	-
(3) Investment securities	221	221	-
(4) Guarantee deposits	396	396	0
Total assets	14,123	14,123	0
(5) Short-term loans payable	1,006	1,006	-
(6) Accounts payable-other	951	951	-
(7) Accrued expenses	865	865	-
(8) Accrued corporation taxes	734	734	-
(9) Accrued consumption taxes	687	687	-
(10) Long-term loans payable (including those scheduled to be repaid within one year)	270	267	(3)
Total liabilities	4,514	4,511	(3)

Note: 1. Calculation method of the market price 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) Investment securities

The market value of investment securities is determined using the price posted by the stock exchange.

(4) 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

(5) Short-term loans payable, (6) Accounts payable-other, (7) Accrued expenses, (8) Accrued corporation taxes and (9) Accrued consumption taxes

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.

(10) Long-term loans payable (including those scheduled to be repaid within one year)

The market value of long-term loans payable is calculated as subtracted by the interest rate assuming the same amount is executed as new borrowings from total principal.

2. Financial instruments for which it is extremely difficult to determine market price

Unlisted instruments (consolidated balance sheet amount of 284 million yen) do not have a market price and it is impossible to estimate their future cash flow, making it extremely difficult to determine the market price. Therefore, these instruments are not included in "(3) Investment securities."

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

	Within 1 year (Million yen)	1-5 Years (Million yen)	5-10 Years (Million yen)	Over 10 Years (Million yen)
Cash and deposits	9,371	-	-	-
Notes and accounts receivable-trade	4,135	-	-	-
Total	13,506	-	-	-

4. Expected repayment amounts for short-term loans payable

	Within 1 year (Million yen)	1-2 years (Million yen)	2-3 years (Million yen)	3-4 years (Million yen)	4-5 years (Million yen)	Over 5 years (Million yen)
Short-term loans payable	1,006	-	-	-	-	-
Long-term loans payable	17	15	15	15	15	192
Total	1,023	15	15	15	15	192

Current fiscal year (January 1 to December 31, 2018)

1. Matters concerning the state of financial instruments

(1) Policy initiatives for financial instruments

The Group assumes bank loans for necessary funds. 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. In addition, investment securities are mainly the stocks of companies with which the Company has a business relationship and steps are taken to ascertain the market value of these securities on a regular basis.

(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. As for loans, the Company signed an agreement for overdraft with four main banks to procure operating capital efficiently (short-term loans), and a loan agreement with financial organizations for the purpose of capital investments (long-term loans).

(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, and 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 risks resulting from worsening financial situations.

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

Although loans are exposed to interest-rate risks, their impacts on earnings from changes in interest rates are estimated to be minimal.

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, 2018 (the consolidated settlement date for the term), are as follows. Financial instruments for which it is extremely difficult to determine market price are not included in the following chart (see Note 2.)

	Consolidated balance sheet amount (Million yen)	Market value (Million yen)	Difference (Million yen)
(1) Cash and deposits	8,467	8,467	-
(2) Notes and accounts receivable-trade	5,195	5,195	-
(3) Investment securities	1,730	1,730	-
(4) Guarantee deposits	501	503	2
Total assets	15,893	15,895	2
(5) Short-term loans payable	1,000	1,000	-
(6) Accounts payable-other	1,411	1,411	-
(7) Accrued expenses	1,031	1,031	-
(8) Accrued corporation taxes	984	984	-
(9) Accrued consumption taxes	889	889	-
(10) Long-term loans payable (including those scheduled to be repaid within one year)	253	259	6
Total liabilities	5,569	5,575	6

Note: 1. Calculation method of the market price 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) Investment securities

The market value of investment securities is determined using the price posted by the stock exchange.

(4) 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

(5) Short-term loans payable, (6) Accounts payable-other, (7) Accrued expenses, (8) Accrued corporation taxes and (9) Accrued consumption taxes

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.

(10) Long-term loans payable (including those scheduled to be repaid within one year)

The market value of long-term loans payable is calculated as subtracted by the interest rate assuming the same amount is executed as new borrowings from total principal.

2. Financial instruments for which it is extremely difficult to determine market price

Unlisted instruments (consolidated balance sheet amount of 432 million yen) do not have a market price and it is impossible to estimate their future cash flow, making it extremely difficult to determine the market price. Therefore, these instruments are not included in "(3) Investment securities."

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

	Within 1 Year (Million yen)	1-5 Years (Million yen)	5-10 Years (Million yen)	Over 10 Years (Million yen)
Cash and deposits	8,467	-	-	-
Notes and accounts receivable-trade	5,195	-	-	-
Total	13,662	-	-	-

4. Expected repayment amounts for short-term loans payable

	Within 1 year (Million yen)	1-2 years (Million yen)	2-3 years (Million yen)	3-4 years (Million yen)	4-5 years (Million yen)	Over 5 years (Million yen)
Short-term loans payable	1,000	-	-	-	-	-
Long-term loans payable	15	15	15	15	14	178
Total	1,015	15	15	15	14	178

(Notes on Marketable Securities)

Previous fiscal year

1. Other marketable securities (as of December 31, 2017)

Classification	Consolidated balance sheet amount (Million yen)	Acquisition cost (Million yen)	Difference (Million yen)
Items for which consolidated balance sheet amount exceeds acquisition cost			
Shares	221	41	180
Total	221	41	180

2. Other marketable securities sold during the current fiscal year (January 1 to December 31, 2017)

There are no relevant matters.

3. Other marketable securities for which impairment was performed (January 1 to December 31, 2017)

The amount was immaterial and so it has been omitted.

Current fiscal year

1. Other marketable securities (as of December 31, 2018)

Classification	Consolidated balance sheet amount (Million yen)	Acquisition cost (Million yen)	Difference (Million yen)
Items for which consolidated balance sheet amount exceeds acquisition cost			
Shares	572	324	248
Subtotal	572	324	248
Items for which consolidated balance sheet amount does not exceed acquisition cost			
Shares	1,158	1,158	-
Subtotal	1,158	1,158	-
Total	1,730	1,482	248

2. Other marketable securities sold during the current fiscal year (January 1 to December 31, 2018)

There are no relevant matters.

3. Other marketable securities for which impairment was performed (January 1 to December 31, 2018)

"Cost of the acquisition" in the table indicates the book value after impairment. In addition, during the current fiscal year an impairment of 721 million yen was performed for investment securities (affiliate stocks of 721 million yen and other securities of 1 million yen).

When performing impairment, if the market value at the end of the term has fallen by 50% or more of the cost of the acquisition, impairment is performed on the entire amount, but if the decline is between 30% to 50%, impairment is performed with respect to the amount deemed to be necessary in light of the potential of recovery and other factors. In addition, in cases where the actual value has declined significantly due to deteriorating financial position, impairment of stocks for which the market value is deemed extremely difficult to grasp is performed based on the need after determining the recoverability individually.

(Retirement benefits related)

1. Summary of the retirement benefit scheme adopted

The Company and its consolidated subsidiaries have established employees' termination allowance plans as fixed benefit-type programs.

As of the end of the current fiscal year, two companies among the Company and its consolidated subsidiaries maintain termination allowance plans.

2. Defined benefit plan

(1) Adjustment table for balances at the beginning and the end of the period for retirement benefit obligations (excluding those which a simple method is applied)

(Million yen)

	FY12/17 (January 1 to December 31, 2017)	FY12/18 (January 1 to December 31, 2018)
Retirement benefit obligations at the beginning of the period	349	405
Service cost	44	52
Interest cost	1	2
Actuarial differences occurred	27	37
Retirement benefits paid	(17)	(25)
Other	-	9
Retirement benefit obligations at the end of the period	405	479

(2) Adjustment table for liabilities for retirement benefits under a simple method at the beginning and the end of the period

(Million yen)

	FY12/17 (January 1 to December 31, 2017)	FY12/18 (January 1 to December 31, 2018)
Liabilities for retirement benefits at the beginning of the period	83	86
Retirement benefit expenses	13	11
Retirement benefits paid	(10)	(11)
Other	-	(9)
Liabilities for retirement benefits at the end of the period	86	78

(3) Adjustment table between retirement benefit obligations/pension assets at the end of the period and liabilities/assets for retirement benefits recorded in the consolidated balance sheet

(Million yen)

	FY12/17 end (December 31, 2017)	FY12/18 end (December 31, 2018)
Retirement benefit obligations under the non-cumulative system	491	557
Net liabilities and assets recorded in the consolidated balance sheet	491	557
Retirement benefit liability	491	557
Net liabilities and assets recorded in the consolidated balance sheet	491	557

(Note) Including the system under a simple method.

(4) Amount of retirement benefit expenses and their breakdowns

(Million yen)

	FY12/17 (January 1 to December 31, 2017)	FY12/18 (January 1 to December 31, 2018)
Service cost	44	52
Interest cost	1	2
Cost to dispose of actuarial differences	27	37
Retirement benefit expenses calculated by a simple method	13	11
Other	1	(0)
Retirement benefit expenses for the defined benefit plan	87	101

(5) Matters concerning the actuarial calculation base

Main actuarial calculation base

	FY12/17 (January 1 to December 31, 2017)	FY12/18 (January 1 to December 31, 2018)
Discount rate	Mainly 0.4%	Mainly 0.4%
Expected rate of increase	4.4%	4.2%

(Stock options)

1. Stock option expenses and subjects

	FY12/17 (January 1 to December 31, 2017)	FY12/18 (January 1 to December 31, 2018)
Selling, general and administrative expenses	32 million yen	43 million yen

2. Stock option content, scale and changes

(1) Stock option content

	Series 1-1 stock compensation-type stock acquisition rights	Series 1-2 stock compensation-type stock acquisition rights
Company name	Submitting company	Submitting company
Date of resolution	March 24, 2017	March 24, 2017
Categories and number of persons eligible for grants	4 Directors of the Company (excluding Directors who are Audit Supervisory Committee Members) 8 Directors of the Company's wholly-owned subsidiaries 2 Auditors of the Company's wholly-owned subsidiaries	8 employees of the Company's wholly-owned subsidiaries
Class of stock and amount granted	Common stock, 201,600 shares	Common stock, 19,200 shares
Grant date	April 10, 2017	April 10, 2017
Rights determination terms	Note 1	Note 2
Eligibility service (vesting) period	Not determined	Not determined
Rights exercise period	April 11, 2021 to April 10, 2051	April 11, 2021 to April 10, 2051

Notes: 1. Conditions for the exercise of share acquisition rights

1) For share acquisition rights allotted to the Company's Directors, in principle, the person receiving the allotment of share acquisition rights must be a Director of the Company at the time the rights are exercised.

2) For share acquisition rights allotted to the Directors or Corporate Auditors of the Company wholly-owned subsidiaries, in principle, the person receiving the allotment of stock acquisition rights, must be a Director or Corporate Auditor of the subsidiary at the time the rights are exercised.

3) Of those share acquisition rights allocated, only the limited number of stock acquisition rights can be exercised depending on the level of achievement of the operating income target for the fiscal year ending December 2020, final

year of the Medium-Term Management Plan.

2. Conditions for the exercise of stock acquisition rights

1) In principle, persons who receive an allotment of stock acquisition rights must be an employee of the Company's wholly-owned subsidiaries at the time of exercising these rights.

2) Of those stock acquisition rights allocated, only the limited number of stock acquisition rights can be exercised depending on the level of achievement of the operating income target for the fiscal year ending December 2020, final year of the Medium-Term Management Plan.

(2) Stock option scale and changes

The number of existing stock options subject to conversion to stock in the fiscal year ended December 2018 is as shown below.

1) Quantity of stock options

	Series 1-1 stock compensation-type stock acquisition rights	Series 1-2 stock compensation-type stock acquisition rights
Company name	Submitting company	Submitting company
Date of resolution	March 24, 2017	March 24, 2017
Before rights determined (shares)		
Previous fiscal yearend	201,600	19,200
Granted	-	-
Expired	-	-
Rights determined	-	-
Undetermined balance	201,600	19,200
After rights determined (shares)		
Previous fiscal yearend	-	-
Rights determined	-	-
Rights exercised	-	-
Expired	-	-
Unexercised balance	-	-

2) Unit price

	Series 1-1 stock compensation-type stock acquisition rights	Series 1-2 stock compensation-type stock acquisition rights
Company name	Submitting company	Submitting company
Date of resolution	March 24, 2017	March 24, 2017
Exercise price (yen)	1	1
Average share price at exercise (yen)	-	-
Fair value unit price on day of grant (yen)	1,121	1,121

3. Method of estimating the stock option final numbers

Basically, it is difficult to estimate rationally the future expired number, so a method reflecting only the actual expired number is adopted.

(Notes on tax effect accounting)

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

(Million yen)

	FY12/17 end (December 31, 2017)	FY12/18 end (December 31, 2018)
Deferred tax assets		
Allowance for doubtful accounts and bad debt loss	36	34
Retirement benefit liability	150	171
Gains on sales of stocks of subsidiaries under the Corporation Tax Act	50	50
Loss on valuation of investment securities	6	6
Loss on valuation of shares of subsidiaries and associates	-	221
Loss carried forward	149	74
Accrued enterprise taxes	75	45
Accrued social insurance premiums	0	3
Accrued office taxes	6	7
Allowance for subscription cancellations	31	16
Asset retirement obligations	17	20
Cost of purchase of shares	4	27
Other	38	48
Subtotal of deferred tax assets	562	721
Valuation reserve	(182)	(403)
Total deferred tax assets	379	317
Deferred tax liabilities		
Valuation difference on available-for-sale securities, etc.	(23)	(51)
Other	(5)	(5)
Total deferred tax liabilities	(27)	(56)
Net deferred tax assets	352	261

2. Itemized 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

	FY12/17 end (December 31, 2017)	FY12/18 end (December 31, 2018)
Legal effective tax rates	30.9%	30.9%
(Adjustment)		
Fixed-rate residents on inhabitant tax	0.9%	0.8%
Goodwill amortization	0.8%	0.7%
Share of loss (profit) of entities accounted for using equity method	(0.4%)	3.6%
Gain on step acquisitions	(1.1%)	-
Applicable tax rate difference of consolidated subsidiaries	2.3%	0.2%
Valuation reserve amount	(1.3%)	0.0%
Other	0.7%	0.4%
Ratio of tax expenses, including corporate taxes, after tax effect accounting is applied	32.8%	36.6%

(Business Combination and Others)
Business Combination through acquisition
1. Acquisition of shares of BOD Co., Ltd.

The Company passed a resolution at a meeting of the Board of Directors held on December 15, 2017 to acquire shares of BOD Co., Ltd. from Gyomubu Co., Ltd. and make it a consolidated subsidiary. BOD Co., Ltd. was turned into a consolidated subsidiary after the Company acquired its shares on January 4, 2018.

(1) Summary of the business combination
1) Name of acquired company and its business lines
Name of acquired company: BOD Co., Ltd.
Business lines: Data entry, order management contracting, credit screening agency services, invoice agency and processing services, payment receipts management operations, order management, bookkeeping and accounting contracting
2) Main reasons for undertaking the business combination
The Company acquired the shares because there is a high degree of affinity with the Fullcast Group's core human resources services and BPO related services within the Short-Term Operational Support Business, and with the goal of reinforcing our future growth strategy based on a strong capital relationship, achieving mutual utilization of each other's management resources, stabilize further the management foundation, and expanding profits in the future by turning it into a consolidated subsidiary of the Group.
3) Date of business combination
January 4, 2018 (Deemed acquisition date: January 1, 2018)
4) Legal form of business combination
Share acquisition in exchange for cash.
5) Name of company post combination
The name of the company will remain the same.
6) Percentage of voting rights acquired
Percentage of voting rights held prior to business combination: -%
Percentage of additional voting rights acquired on the date of business combination: 51.0%
Percentage of voting rights held after acquisition: 51.0%
7) Main backgrounds for determining acquiring company
It is as a result of the Company acquiring 51.0% of the voting rights through the share acquisition in exchange for cash.

(2) Period of the business performance of the acquired company included in consolidated financial statements
From January 1 to December 31, 2018

(3) Cost of the acquisition and consolidation of the acquired company and the breakdown thereof

Cash and deposits used for the acquisition	109 million yen
Cost of the acquisition	109 million yen

(4) Details and amount of major expenses related to the acquisition

Advisory fees, others	3 million yen

(5) Amount, reason, method and period of amortization of goodwill arising from the business combination
1) Amount of goodwill incurred
235 million yen
2) Reason for the goodwill
The assets acquired for the cost of the acquisition exceed the net amount allocated in liabilities assumed, and therefore the amount in excess was accounted for as goodwill. The amount of 188 million yen from this goodwill has already occurred from the acquisition of BOD Co., Ltd.
3) Method and period of amortization
10-year period on a straight-line basis.

(6) Breakdown of the amount of assets received and liabilities accepted on the date of business combination

Current assets	783 million yen
Non-current assets	72 million yen
Total assets	855 million yen
Current liabilities	458 million yen
Non-current liabilities	523 million yen
Total liabilities	981 million yen

(7) Approximate amount and calculation method of impact on business combination on consolidated statements of income for the current fiscal year assuming acquisition was completed on the first day of the current consolidated fiscal year

The deemed acquisition date is the start date of the Company's accounting year (January 1, 2018); therefore, there are no effects.

(8) Others

Gyomubu Co., Ltd. is a subsidiary of the Company's major shareholder; therefore, this transaction corresponds to a related party transaction.

2. Acquisition of shares of Minimaid Service Co., Ltd.

The Company passed a resolution at a meeting of the Board of Directors held on June 29, 2018 to acquire shares of Minimaid Service Co., Ltd. and make it a consolidated subsidiary. Minimaid Service Co., Ltd. was turned into a consolidated subsidiary after the Company acquired its shares on August 31, 2018.

(1) Summary of the business combination

1) Name of acquired company and its business lines

Name of acquired company: Minimaid Service Co., Ltd.

Business lines: Housekeeping services

2) Main reasons for undertaking the business combination

Minimaid Service Co., Ltd. possesses know-how in housekeeping services that are high quality and have earned high customer satisfaction based on its more than 30 years of experience as a business that was the first in Japan to receive certification for house housekeeping services. The Company acquired the shares of Minimaid Co., Ltd. with the goal of realizing its future growth strategy because of the strong synergies anticipated with the Group’s mainstay Short-Term Operational Support Business.

3) Date of business combination

August 31, 2018 (Deemed acquisition date: September 30, 2018)

4) Legal form of business combination

Share acquisition in exchange for cash.

5) Name of company post combination

The name of the company will remain the same.

6) Percentage of voting rights acquired

Percentage of voting rights held prior to business combination: -%

Percentage of additional voting rights acquired on the date of business combination: 100.0%

Percentage of voting rights held after acquisition: 100.0%

7) Main backgrounds for determining acquiring company

It is as a result of the Company acquiring 100.0% of the voting rights through the share acquisition in exchange for cash.

(2) Period of the business performance of the acquired company included in consolidated financial statements

From October 1 to December 31, 2018

(3) Cost of the acquisition and consolidation of the acquired company and the breakdown thereof

Cash and deposits used for the acquisition	850 million yen
Cost of the acquisition	850 million yen

(4) Details and amount of major expenses related to the acquisition

Advisory fees, others	74 million yen

(5) Amount, reason, method and period of amortization of goodwill arising from the business combination

1) Amount of goodwill incurred

612 million yen

2) Reason for the goodwill

Additional future income-generating power expected to derive from business development going forward.

3) Method and period of amortization

10-year period on a straight-line basis.

(6) Breakdown of the amount of assets received and liabilities accepted on the date of business combination

Current assets	239 million yen
Non-current assets	317 million yen
Total assets	556 million yen
Current liabilities	110 million yen
Non-current liabilities	209 million yen
Total liabilities	318 million yen

(7) Approximate amount and calculation method of impact on business combination on consolidated statements of income for the current fiscal year assuming acquisition was completed on the first day of the current consolidated fiscal year

The monetary amount was immaterial and so it has been omitted.

Furthermore, this note has not received audit certification.

(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 discount rate of 0.00% to 0.962%, with estimated period estimated individually based on contract term.

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

(Million yen)

	FY12/17 (January 1 to December 31, 2017)	FY12/18 (January 1 to December 31, 2018)
Balance at beginning of current period	48	50
Increase by purchase of property, plant and equipment	2	24
Adjustment for lapse of time	-	0
Decrease due to fulfillment of asset retirement obligations	(0)	-
Balance at the end of current period	50	73

(Segment Information and Others)

(Segment information)

Previous fiscal year (January 1 to December 31, 2017)

1. Overview of reporting segments

The Company's reporting segments are business units for which financial information can be obtained independently from the Company's various structural units, and they are subject to regular examination by the board of directors to form decisions about allocations of management resources and to evaluate their performance.

Our Group has three reporting segments: 1) the "Short-Term Operational Support Business;" 2) the "Sales Support Business" and 3) the "Security, Other Businesses". The Short-Term Operational Support Business provides timely short-term staffing services that cater to fluctuations in client companies' workloads. The Sales Support Business mainly engages in call center operations and agency sales of telecommunications products focused on distributor networks. The Security, Other Businesses mainly conducts security work for public facilities and general companies.

Shares of F-PLAIN Corporation were acquired in the current fiscal year, resulting in the company and its subsidiary being newly included in the scope of consolidation. As a result, it was added to the "Sales Support Business" segment.

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

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

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

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

(Million yen)

	Reporting segment			Total	Adjustment amount (Note)	Amount in consolidated financial statement
	Short-Term Operational Support Business	Sales Support Business	Security, Other Businesses			
Net sales						
Sales to external customers	26,555	3,596	1,915	32,066	-	32,066
Inter-segment sales or transfers	0	-	-	0	(0)	-
Total	26,555	3,596	1,915	32,066	(0)	32,066
Segment income or loss (-)	4,881	255	116	5,253	(828)	4,424
Segment assets	6,777	2,631	1,170	10,579	6,234	16,813
Other						
Depreciation	196	9	24	229	38	267
Amortization of goodwill	-	159	-	159	-	159
Impairment loss	-	48	-	48	-	48
Increase of property, plant and equipment and intangible assets	78	6	19	103	90	193

Notes: 1. (2) million yen in inter-segment eliminations and (827) million yen in company-wide expenses not allocated to any specific reporting segment are included in the (828) million yen segment income adjustment amount. Company-wide expenses are mainly general administrative expenses that do not belong to any specific reporting segment.

2. The profit or loss (-) of the segments has been adjusted with the operating income shown in the consolidated profit and loss statement.
3. The amount of 6,234 million yen in adjustment of segment-based assets primarily consists of long-term investment assets (investment securities), assets involved in the administrative departments and other items incurred by the head office of the parent company.
4. The amount of 38 million yen for adjusting the depreciation expenses primarily consists of depreciation for the buildings, structures and software of the head office of the Company.
5. The amount of 90 million yen in adjustment for increased amount of the property, plant and equipment and intangible assets is primarily comprised of those for buildings and structures of the head office of the company and tools, furniture and fixtures, and software for a new system.

Current fiscal year (January 1 to December 31, 2018)

1. Overview of reporting segments

The Company's reporting segments are business units for which financial information can be obtained independently from the Company's various structural units, and they are subject to regular examination by the board of directors to form decisions about allocations of management resources and to evaluate their performance.

Our Group has three reporting segments: 1) the "Short-Term Operational Support Business;" 2) the "Sales Support Business" and 3) the "Security, Other Businesses". The Short-Term Operational Support Business provides timely short-term staffing services that cater to fluctuations in client companies' workloads. The Sales Support Business mainly engages in call center operations and agency sales of telecommunications products focused on distributor networks. The Security, Other Businesses mainly conducts security work for public facilities and general companies.

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

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

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

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

(Million yen)

	Reporting segment			Total	Adjustment amount (Note)	Amount in consolidated financial statement
	Short-Term Operational Support Business	Sales Support Business	Security, Other Businesses			
Net sales						
Sales to external customers	33,417	3,313	2,122	38,852	-	38,852
Inter-segment sales or transfers	20	-	0	20	(20)	-
Total	33,437	3,313	2,122	38,872	(20)	38,852
Segment income or loss (-)	6,597	137	181	6,915	(1,019)	5,896
Segment assets	10,478	2,694	1,352	14,523	5,325	19,849
Other						
Depreciation	172	5	19	196	28	224

Amortization of goodwill	39	121	-	160	-	160
Increase of property, plant and equipment and intangible assets	96	3	121	219	79	298

Notes:
1. (20) million yen in inter-segment eliminations and (999) million yen in company-wide expenses not allocated to any specific reporting segment are included in the (1,019) million yen segment income adjustment amount. Company-wide expenses are mainly general administrative expenses that do not belong to any specific reporting segment.
2. The profit or loss (-) of segments has been adjusted with the operating income shown in the consolidated profit and loss statement.
3. The amount of 5,325 million yen in adjustment of segment-based assets primarily consists of long-term investment assets (investment securities), assets involved in the administrative departments and other items incurred by the head office of the parent company.
4. The amount of 28 million yen for adjusting the depreciation expenses primarily consists of depreciation for the buildings, structures and software of the head office of the Company.
5. The amount of 79 million yen in adjustment for increased amount of the property, plant and equipment and intangible assets is primarily comprised of those for 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 (January 1 to December 31, 2017)

1. Information about each product or service

Information in this section is omitted because it is similar to information disclosed in the segment information section.

2. Information for geographical regions

Information in this section is omitted, as we did not have any consolidated subsidiaries or offices located in foreign countries or regions outside of Japan.

3. Information about major customers

The information in this section is omitted, as there is no single external customer representing 10.0% or more of net sales of the consolidated income statement.

Current fiscal year (January 1 to December 31, 2018)

1. Information about each product or service

Information in this section is omitted because it is similar to information disclosed in the segment information section.

2. Information for geographical regions

Information in this section is omitted, as we did not have any consolidated subsidiaries or offices located in foreign countries or regions outside of Japan.

3. Information about major customers

The information in this section is omitted, as there is no single external customer representing 10.0% or more of net sales of the consolidated income statement.

[Information concerning impairment loss on non-current assets for each reporting segment]

Previous fiscal year (January 1 to December 31, 2017)

(Million yen)

	Reporting segment				Company-wide/ amortization	Total
	Short-Term Operational Support Business	Sales Support Business	Security, Other Businesses	Total		
Impairment loss	-	48	-	48	-	48

Current fiscal year (January 1 to December 31, 2018)

There are no relevant matters.

[Information regarding the amount of amortization of goodwill and unamortized balance for each reporting segment]

Previous fiscal year (January 1 to December 31, 2017)

(Million yen)

	Reporting segment				Company-wide/ amortization	Total
	Short-Term Operational Support Business	Sales Support Business	Security, Other Businesses	Total		
Amount of amortization for the fiscal year	-	159	-	159	-	159
Balance at end of the fiscal year	-	459	-	459	-	459

Current fiscal year (January 1 to December 31, 2018)

(Million yen)

	Reporting segment				Company-wide/ amortization	Total
	Short-Term Operational Support Business	Sales Support Business	Security, Other Businesses	Total		
Amount of amortization for the fiscal year	39	121	-	160	-	160
Balance at end of the fiscal year	808	337	-	1,146	-	1,146

[Information concerning gain on negative goodwill for each reporting segment]

Previous fiscal year (January 1 to December 31, 2017)

There are no relevant matters.

Current fiscal year (January 1 to December 31, 2018)

There are no relevant matters.

[Information on related parties]

Transactions with related parties

(1) Transactions between consolidated financial statement submitting companies and related parties

1) Parent companies of the consolidated financial statement submitting company and corporate major shareholders

Previous fiscal year (January 1 to December 31, 2017)

Type	Name	Location	Capital or investment (Million yen)	Operation details or occupation	Proportion possession of voting rights etc. (Ownership proportion)	Relationship with related parties	Contents of transaction	Transaction amount (Million yen)	Subject	Balance at the end of the fiscal year (Million yen)
Main shareholder	Hirano Associate Co., Ltd.	Shibuya-ku, Tokyo	Capital stock 10	Real estate	(Owned) Direct contact: 33.9%	-	Acquisition of subsidiary's stock (Note)	610	-	-

Current fiscal year (January 1 to December 31, 2018)

Type	Name	Location	Capital or investment (Million yen)	Operation details or occupation	Proportion possession of voting rights etc. (Ownership proportion)	Relationship with related parties	Contents of transaction	Transaction amount (Million yen)	Subject	Balance at the end of the fiscal year (Million yen)
Affiliate	Advancer Global Limited	Singapore	Capital stock 18,868S$	Employment services and facility management services	Owning Direct contact: 25.76%	Dividend income Concurrent directorates	Acquisition of stock (Note)	1,791	-	-
							Dividend received	13	-	-

Note: Regarding the share acquisition, a rational determination is made based on an independent third-party institution's price computation.

2) Directors of the consolidated financial statement submitting company and individual major shareholders

Previous fiscal year (January 1 to December 31, 2017)

Type	Name	Location	Capital or investment (Million yen)	Operation details or occupation	Proportion possession of voting rights etc. (Ownership proportion)	Relationship with related parties	Contents of transaction	Transaction amount (Million yen)	Subject	Balance at the end of the fiscal year (Million yen)
Officer	Takehito Hirano	-	-	Director and Chairman of the Company	-	-	Acquisition of subsidiary's stock (Note)	438	-	-

Current fiscal year (January 1 to December 31, 2018)

Type	Name	Location	Capital or investment (Million yen)	Operation details or occupation	Proportion possession of voting rights etc. (Ownership proportion)	Relationship with related parties	Contents of transaction	Transaction amount (Million yen)	Subject	Balance at the end of the fiscal year (Million yen)
Officer	Takehito Hirano	-	-	Director and Chairman of the Company	-	-	Acquisition of stock (Note)	30	-	-

Note: Regarding the share acquisition, a rational determination is made based on an independent third-party institution's price computation.

(2) Transactions between consolidated financial statement submitting companies and related parties

Directors of the consolidated financial statement submitting company and individual major shareholders

Previous fiscal year (January 1 to December 31, 2017)

Type	Name	Location	Capital or investment (Million yen)	Operation details or occupation	Proportion possession of voting rights etc. (Ownership proportion)	Relationship with related parties	Contents of transaction	Transaction amount (Million yen)	Subject	Balance at the end of the fiscal year (Million yen)
Officers of subsidiary	Shiro Kaizuka	-	-	Representative Director and President of Dimension Pocket Co., Ltd. (Note 2)	(Owned) Direct contact: 0.5%	Guarantee of obligation	Debt guarantee (Note 1) for the bank borrowings of Dimension Pockets Co., Ltd.	268	-	-

Notes: 1. Dimension Pocket Co., Ltd. has received debt guarantee from Shiro Kaizuka, Representative Director and President of the company for bank borrowing.

2. Shiro Kaizuka is also considered a Director of the consolidated financial statements submitting company.

Current fiscal year (January 1 to December 31, 2018)

Type	Name	Location	Capital or investment (Million yen)	Operation details or occupation	Proportion possession of voting rights etc. (Ownership proportion)	Relationship with related parties	Contents of transaction	Transaction amount (Million yen)	Subject	Balance at the end of the fiscal year (Million yen)
Officers of subsidiary	Shiro Kaizuka	-	-	Representative Director and President of Dimension Pocket Co., Ltd. (Note 2)	(Owned) Direct contact: 0.3%	Guarantee of obligation	Debt guarantee (Note 1) for the bank borrowings of Dimension Pockets Co., Ltd.	253	-	-

Notes: 1. Dimension Pocket Co., Ltd. has received debt guarantee from Shiro Kaizuka, Representative Director and President of the company for bank borrowing.

2. Shiro Kaizuka is also considered a Director of the consolidated financial statements submitting company.

(Per share information)

FY12/17 (January 1 to December 31, 2017)		FY12/18 (January 1 to December 31, 2018)	
Shareholders' equity per share	286.81 yen	Shareholders' equity per share	331.68 yen
Net income per share	78.87 yen	Net income per share	87.90 yen
Diluted net income per share	78.58 yen	Diluted net income per share	87.48 yen

Note: 1. The basis for calculating net income per share and diluted net income per share in the fiscal year under review is as follows.

Item	FY12/17 (January 1 to December 31, 2017)	FY12/18 (January 1 to December 31, 2018)
Net income per share		
Net income attributable to Fullcast Holdings Co., Ltd. (million yen)	2,994	3,310
Net income attributable to Fullcast Holdings Co., Ltd. [basic] (million yen)	2,994	3,310
Net income not available to common stock (million yen)	-	-
Average number of common stock outstanding during the period (shares)	37,963,141	37,656,770
Diluted net income per share		
Adjusted net income attributable to Fullcast Holdings Co., Ltd. (million yen)	-	-
Increase of common stock (shares)	136,162	180,756
(of these, share acquisition rights (shares))	(136,162)	(180,756)
Overview of potential stock not included in calculation of diluted net income per share because the stock has no dilution effect	-	-

(Major subsequent events)

(Acquisition of treasury shares)

At the Board of Directors' Meeting held on February 8, 2019, based on the provisions of Article 156, Paragraph 1 of the Companies Act (Act No. 86, 2005, including subsequent revisions. Hereinafter referred to as the “Companies Act”) as applied mutatis mutandis pursuant to the provision of Article 165, Paragraph 3 of the Companies Act and the Articles of Incorporation of the Company, Fullcast Holdings Co., Ltd. decided to acquire treasury shares and to conduct a tender offer of treasury shares (Hereinafter referred to as “the Tender Offer”) as a specific method of acquiring treasury shares and to conduct a market purchase after the Tender Offer.

I. Acquisition of treasury shares

1. Reasons for acquisition of treasury shares

Treasury stock will be acquired in order to provide greater returns to shareholders as well as to implement an agile capital policy to enhance capital efficiency.

2. Details relating to the acquisition

(1) Types of shares to be acquired:	Common stock
(2) Total number of shares that can be acquired:	450,000 shares (Maximum limit) (1.17% of total number of shares issued(Excluding treasury shares)) (rounded to three decimal places)
(3) Total acquisition cost:	827 million yen (Maximum limit)
(4) Acquisition period:	February 12, 2019–April 26, 2019
(5) Method of acquisition	Fullcast Holdings Co., Ltd. will acquire treasury shares by means of the Tender Offer and market purchase after the Tender Offer. With regards to the acquisition cost out of the total acquisition cost of 827 million yen not acquired based on the Tender Offer, the Company has decided to conduct market purchase (Discretionary dealing by securities firm) on the Tokyo Stock Exchange, Inc. (Hereinafter, referred to as “the TSE”) with an acquisition period from April 4, 2019, which is the business day following the commencement date of settlement for the Tender Offer (April 3, 2019), until April 26, 2019.

II. Tender Offer for treasury shares

Tender Offer outline

(1) Schedule, etc.

1) Resolution in Board of Directors Meeting	February 8, 2019
2) Publication date for commencing the Tender Offer	February 12, 2019
3) Filing date for the Tender Offer registration statement	February 12, 2019
4) Period of the Tender Offer	February 12–March 11, 2019 (20 business days)

(2) Tender Offer Price

1,767 yen per share of common stock

The Company decided at the Board of Directors’ Meeting held on February 8, 2019 to set the Tender Offer Price at 1,767 yen discounted by 9.98% from 1,963 yen (Rounded to the nearest whole yen), which was the closing price of the Company’s common stock on the First Section of the TSE on February 7, 2019, the business day before the date of the Board of Directors’ Meeting which resolved to carry out the Tender Offer (February 8, 2019).

(3) Number of share certificates planned for purchase

Type of share certificates	Number of share certificates planned for purchase	Number of planned excess amount of shares	Total
Common stock	440,000 shares	- shares	440,000 shares

(4) Funds required for the Tender Offer

798,580,000 yen

Note: The amount of funds required for the Tender Offer is the estimated total of the purchase costs (777,480,000 yen), purchase handling charges, and other expenses including expenses required for the newspaper public notice regarding the Tender Offer and printing expenses for the Tender Offer explanation and other necessary documents.

(5) Commencement date of settlement

April 3, 2019

The Board of Directors Meeting held on March 29, 2019 resolved to change the aforementioned “I. Acquisition of treasury shares 2. Details relating to the acquisition” as outlined below.

(2) Total number of shares that can be acquired: 500,000 shares (Maximum limit)
(1.33% of total number of shares issued (Excluding treasury shares)) (rounded to three decimal places)

5) Consolidated statement schedule

[Corporate bond schedules]

There are no relevant matters.

[Schedule of debt]

Classification	Balance at the beginning of the period (Million yen)	Balance at end of the period (Million yen)	Average interest rate (%)	Repayment term
Short-term loans payable	1,006	1,000	0.67	-
Current portion of long-term loans payable	17	15	0.68	-
Lease obligations due within one year	-	2	1.50	-
Long-term loans payable (Excluding current portion of loans)	253	237	0.69	January 15, 2020–March 15, 2037
Lease obligations (Excluding obligations due within one year)	-	6	1.50	January 1, 2020–June 30, 2023
Other interest-bearing debt	-	-	-	-
Total	1,276	1,261	-	-

Notes: 1. The average weighted interest rate for term-end balance on loans is listed as the average interest rate.

2. Total repayment schedule per year within 5 years after the consolidated settlement date of long-term loans payable and lease obligations (excluding obligations due within one year)

(Million yen)

Classification	Over 1 year and within 2 years	Over 2 years and within 3 years	Over 3 years and within 4 years	Over 4 years and within 5 years
Long-term loans payable	15	15	15	14
Lease obligations	2	2	2	1

[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 fiscal year
Net Sales	(Million yen)	8,660	18,354	28,204	38,852
Quarterly net income before income taxes	(Million yen)	1,272	2,803	4,374	5,301
Quarterly net income attributable to Fullcast Holdings Co., Ltd.	(Million yen)	827	1,869	2,929	3,310
Quarterly net income per share	(Yen)	21.88	49.57	77.75	87.90

(Accounting period)		First quarter	Second quarter	Third quarter	Fourth quarter
Quarterly net income per share	(Yen)	21.88	27.69	28.18	10.14

2. Financial Statements

(1) Financial Statements

1) Balance sheet

(Million yen)

	FY12/17 end (December 31, 2017)	FY12/18 end (December 31, 2018)
ASSETS		
Current assets		
Cash and deposits	5,127	2,674
Supplies	5	6
Prepaid expenses	85	89
Short-term loans receivable from subsidiaries and affiliates	50	262
Current portion of long-term loans receivable from subsidiaries and associates	1	132
Accounts receivable-other	※1 1,567	※1 2,033
Deferred tax assets	60	24
Other	※1 54	※1 80
Total current assets	6,949	5,300
Non-current assets		
Property, plant and equipment		
Buildings	33	27
Tools, furniture and fixtures	109	103
Total property, plant and equipment	142	130
Intangible assets		
Software	239	239
Other	0	0
Total intangible assets	239	239
Investments and other assets		
Investment securities	31	331
Stocks of subsidiaries and affiliates	2,359	4,702
Investments in capital	0	0
Long-term loans receivable from subsidiaries and associates	58	502
Guarantee deposits	70	66
Long-term prepaid expenses	15	10
Deferred tax assets	126	155
Total investments and other assets	2,659	5,766
Total non-current assets	3,040	6,134
Total assets	9,990	11,434

(Million yen)

	FY12/17 end (December 31, 2017)	FY12/18 end (December 31, 2018)
LIABILITIES		
Current liabilities		
Short-term loans payable	※2 1,000	※2 1,000
Accounts payable-other	※1 188	※1 360
Accrued expenses	274	343
Income taxes payable	407	727
Accrued consumption taxes	53	53
Deposits received	51	66
Unearned revenue	※1 3	※1 9
Total current liabilities	1,975	2,559
Non-current liabilities		
Long-term guarantee deposited	※1 8	※1 8
Provision for retirement benefits	405	479
Asset retirement obligations	22	22
Other	1	9
Total non-current liabilities	437	519
Total liabilities	2,412	3,078
NET ASSETS		
Shareholders' equity		
Capital stock	2,780	2,780
Retained earnings		
Legal retained earnings	311	416
Other retained earnings		
Retained earnings brought forward	5,034	6,333
Total retained earnings	5,345	6,749
Treasury shares	(598)	(1,280)
Total shareholders' equity	7,527	8,249
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	19	31
Total valuation and translation adjustments	19	31
Share acquisition rights	32	76
Total net assets	7,578	8,356
Total liabilities and net assets	9,990	11,434

2) Profit and Loss Statement

(Million yen)

	FY12/17 (January 1 to December 31, 2017)	FY12/18 (January 1 to December 31, 2018)
Operating revenue		
Consulting fee income	1,587	1,967
Commissions from subsidiaries and affiliates	1,260	1,394
Dividends from subsidiaries and affiliates	1,899	2,380
Total operating revenue	※1 4,745	※1 5,741
Operating expenses	※1, ※2 2,043	※1, ※2 2,214
Operating income	2,703	3,527
Non-operating income		
Interest income	※1 9	※1 20
Dividends income	1	14
Real estate rent	※1 18	※1 17
Other	※1 16	※1 5
Total non-operating income	44	57
Non-operating expenses		
Interest expenses	6	7
Depreciation	3	2
Rent cost of real estate	18	17
Other	12	5
Total non-operating expenses	39	31
Ordinary income	2,708	3,552
Extraordinary loss		
Loss on sales of non-current assets	※3 3	※3 2
Loss on retirement of non-current assets	※4 8	※4 0
Loss on valuation of investment securities	8	1
Loss on valuation of shares of subsidiaries and associates	-	※5 721
Total extraordinary losses	19	724
Income before income taxes	2,689	2,829
Income taxes-current	21	365
Income taxes-deferred	214	2
Total income taxes	236	367
Net income	2,454	2,462

3) Statements of Shareholders' Equity

Previous fiscal year (January 1 to December 31, 2017)

(Million yen)

	Shareholders' equity						Valuation and translation adjustments		Share acquisition rights	Total net assets
	Capital stock	Retained earnings			Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments		
		Legal retained earnings	Other retained earnings	Total retained earnings						
			Retained earnings carried forward							
Balance at the beginning of the period	2,780	223	3,544	3,767	(100)	6,447	12	12	-	6,460
Changes of items during the period										
Dividends of surplus			(876)	(876)		(876)				(876)
Provision of legal retained earnings		88	(88)	-		-				-
Net income			2,454	2,454		2,454				2,454
Purchase of treasury shares					(498)	(498)				(498)
Net changes of items other than shareholders' equity							7	7	32	39
Total changes of items during the period	-	88	1,490	1,577	(498)	1,079	7	7	32	1,118
Balance at the end of the period	2,780	311	5,034	5,345	(598)	7,527	19	19	32	7,578

Current fiscal year (January 1 to December 31, 2018)

(Million yen)

	Shareholders' equity						Valuation and translation adjustments		Share acquisition rights	Total net assets
	Capital stock	Retained earnings			Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments		
		Legal retained earnings	Other retained earnings	Total retained earnings						
			Retained earnings carried forward							
Balance at the beginning of the period	2,780	311	5,034	5,345	(598)	7,527	19	19	32	7,578
Changes of items during the period										
Dividends of surplus			(1,057)	(1,057)		(1,057)				(1,057)
Provision of legal retained earnings		106	(106)	-		-				-
Net income			2,462	2,462		2,462				2,462
Purchase of treasury shares					(682)	(682)				(682)
Net changes of items other than shareholders' equity							12	12	43	55
Total changes of items during the period	-	106	1,299	1,405	(682)	723	12	12	43	778
Balance at the end of the period	2,780	416	6,333	6,749	(1,280)	8,249	31	31	76	8,356

Notes on Financial Statements

(Significant Accounting Policies)

1. Valuations standards and methods for marketable securities

(1) Shares in subsidiaries and affiliates

Stated at cost, as determined by the moving average method

(2) Other securities

With fair market value

Mark-to-market price method based on the market price on the settlement date (Valuation differences are in part included directly in net assets and costs of securities sold are determined by the moving average method)

Without fair market value

Stated at cost, as determined by the moving average method

2. Depreciation/amortization method for non-current assets

(1) Property, plant and equipment

Declining balance method

However, the straight-line method is used for buildings acquired on or after April 1, 1998 (Excluding facilities attached to buildings) as well as facilities attached to buildings acquired on or after April 1, 2016.

The main service life is as follows.

Buildings : 3 to 15 years

Tools, furniture and fixtures: 2 to 20 years

(2) Intangible assets

Software

The straight-line method based on the usable period in-house (Five years) is used for portion used by the Company.

Other

Straight-line method

3. Standards for allowances

(1) Allowance for doubtful accounts

To provide for doubtful account expenses on trade receivables or loans receivable, the Company and its consolidated subsidiaries reserve an estimated doubtful account allowance on ordinary receivables based on historical doubtful account ratios, and on highly doubtful receivables based on the recoverability from individual customers.

(2) Provision for retirement benefits

To prepare for retirement benefits for employees, we record amounts based upon expected costs of retirement benefit obligations and pension assets at the end of the current fiscal year.

1) Method of attributing projected retirement benefits to periods of service

In calculating retirement benefit obligations, the benefit formula basis is applied to attribute projected retirement benefits to periods of service until the end of the current fiscal year.

2) Treatment of actuarial differences and prior service costs

Prior service costs are amortized at once as an expense in the fiscal year when it's incurred.

Actuarial gain and losses are amortized at once as an expense in the fiscal year when it's incurred.

4. Other important matters for the preparation of financial statements

(1) Accounting treatment of consumption tax, etc.

Consumption tax and local consumption tax are accounted for by the tax-exclusion method.

(2) Application of the consolidated tax payment system

The consolidated tax payment system has been applied.

(Changes in Presentation Method)

(Profit and Loss Statement Related)

"Dividend income" (1 million yen in the previous fiscal year) presented in "Other" under "Non-operating income" in the previous fiscal year has been restated as a separate item from the current fiscal year because the monetary amount has become significant.

Commission fees (6 million yen in the previous fiscal year) presented separately in "Non-operating income" in the previous fiscal year will be restated in "Other" from the current fiscal year because the monetary amount has become insignificant.

(Notes on Balance Sheet)

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

Other than those separately recorded, amounts of pecuniary claims to affiliated companies or pecuniary debts are as follows:

(Million yen)

	FY12/17 end (December 31, 2017)	FY12/18 end (December 31, 2018)
Short-term pecuniary claims	1,607	2,100
Short-term pecuniary debts	36	51
Long-term pecuniary debts	10	18

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

(Million yen)

	FY12/17 end (December 31, 2017)	FY12/18 end (December 31, 2018)
Limit of overdraft account	5,500	5,500
Borrowing	1,000	1,000
Balance	4,500	4,500

(Notes on Income Statement)

*1 Total amount of turnover for business and non-business transactions with affiliated companies are as follows:

(Million yen)

	FY12/17 (January 1 to December 31, 2017)	FY12/18 (January 1 to December 31, 2018)
Turnover for Business transaction		
Operating revenue	4,745	5,741
Operating expenses	147	169
Turnover for non-business transaction	30	51

*2 Significant components of operating expenses and its amounts are as follows:

(Million yen)

	FY12/17 (January 1 to December 31, 2017)	FY12/18 (January 1 to December 31, 2018)
Salaries and bonuses	426	423
Other salaries	259	292
Retirement benefit expenses	15	18
Commission fee	326	344
Depreciation	187	136

Please note that all are included in general, and administrative expenses.

*3 Significant components of loss on the sale of non-current assets are as follows:

(Million yen)

	FY12/17 (January 1 to December 31, 2017)	FY12/18 (January 1 to December 31, 2018)
Tools, furniture and fixtures	3	2

*4 Significant components of loss on retirement of non-current assets are as follows:

(Million yen)

	FY12/17 (January 1 to December 31, 2017)	FY12/18 (January 1 to December 31, 2018)
Buildings	1	-
Tools, furniture and fixtures	2	-
Software	-	0
Other, net	5	-
Total	8	0

*5. Details of the loss on valuation of shares of subsidiaries and associates are as follows:

(Million yen)

	FY12/17 (January 1 to December 31, 2017)	FY12/18 (January 1 to December 31, 2018)
(Equity method affiliate) Advancer Global Limited	-	721

(Notes on Marketable Securities)

Shares in subsidiaries and affiliates

(Previous fiscal year)

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

(Current fiscal year)

(Million yen)

Classification	Amount recorded in balance sheets	Market value	Difference
Shares in affiliated companies	1,158	1,158	-
Total	1,158	1,158	-

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

(Million yen)

Classification	FY12/17 end (December 31, 2017)	FY12/18 end (December 31, 2018)
(1) Shares in subsidiaries	2,238	3,373
(2) Shares in affiliated companies	121	170
Total	2,359	3,543

(Notes on Tax Effect Accounting)

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

(Million yen)

	FY12/17 end (December 31, 2017)	FY12/18 end (December 31, 2018)
Deferred tax assets		
Provision for retirement benefits	124	147
Loss on revaluation of shares in affiliates	490	710
Gains on sales of stocks of subsidiaries under the Corporation Tax Act	50	50
Loss carried forward	51	-
Loss on valuation of investment securities	6	6
Accrued enterprise taxes	8	15
Other	18	38
Subtotal of deferred tax assets	747	965
Valuation reserve	(552)	(773)
Total deferred tax assets	195	193
Deferred tax liabilities		
Valuation difference on available-for-sale securities	(8)	(14)
Total deferred tax liability	(8)	(14)
Net deferred tax assets or liabilities(-)	187	179

2. Itemized 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

	FY12/17 end (December 31, 2017)	FY12/18 end (December 31, 2018)
Legal effective tax rates	30.9%	30.9%
(Adjustment)		
Dividends income	(21.8%)	(26.0%)
Fixed-rate residents on inhabitant tax	0.2%	0.2%
Valuation reserve amount	(0.1%)	7.9%
Other	(0.4%)	0.0%
Ratio of tax expenses, including corporate taxes, after tax effect accounting is applied	8.8%	13.0%

(Major Subsequent events)

Mention has been omitted here because it appears in “Notes on Financial Statements (Major subsequent events)” of the consolidated financial statements.

4) Statement schedule

(Schedule of property, plant and equipment)

(Million yen)

Classification	Type of asset	Balance at the beginning of the fiscal year	Increase during the fiscal year	Decrease during the fiscal year	Amortization during the fiscal year	Balance at end of the fiscal year	Accumulated depreciation
Property, plant and equipment	Buildings	33	-	-	5	27	83
	Tools, furniture and fixtures	109	38	3	42	103	335
	Total	142	38	3	47	130	417
Intangible assets	Software	239	92	0	92	239	-
	Other	0	-	-	-	0	-
	Total	239	92	0	92	239	-

* Main increases in software, other items are as follows:

Various software for in-house use 92 million yen

(Schedule of allowances)

There are no relevant matters.

(2) Details of major assets and liabilities

Comments have been omitted as consolidated financial statements are prepared.

(3) Other

There are no relevant matters.

Part 6: Overview of the Shares of Company Affairs

Fiscal year	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 share less than one unit	
Handling position	(Special account) Stock Transfer Agency Business Planning Department 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 (https://www.fullcastholdings.co.jp).
Benefits to shareholders	There are no relevant matters.

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 26th fiscal year until the submission date for annual securities reports, the following documents have been submitted.

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

Fiscal year: Term 25 (January 1 to December 31, 2017), submitted to the Director General of the Kanto Local Finance Bureau on March 26, 2018

(2) Internal control report and attached documents

Submitted to the Director General of the Kanto Local Finance Bureau on March 26, 2018

(3) Quarterly reports and confirmation notes

Term 26, first quarter (January 1 to March 31, 2018): Submitted to the Director General of the Kanto Local Finance Bureau on May 11, 2018

Term 26, second quarter (April 1 to June 30, 2018): Submitted to the Director General of the Kanto Local Finance Bureau on August 13, 2018

Term 26, third quarter (July 1 to September 30, 2018): Submitted to the Director General of the Kanto Local Finance Bureau on November 13, 2018

(4) 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 Local Finance Bureau on March 29, 2018

(5) Share Buyback Report

Submitted to the Director General of the Kanto Local Finance Bureau on April 13, 2018, and March 14, 2019

Section 2: Information on Guaranty Companies of Submitting Companies

There are no relevant matters.