



May 13, 2016

Consolidated Financial Results Announcement for the First Quarter of the Fiscal Year Ending December 2016 [Japanese Standards] (Consolidated)

Company name: Fullcast Holdings Co., Ltd.
 Stock exchange listing: First Section of the Tokyo Stock Exchange
 Stock code: 4848
 URL: <http://www.fullcastholdings.co.jp>
 Representative: Kazuki Sakamaki, President, Representative Director and CEO
 Contact: Yasuomi Tomotake, General Manager of the Accounting and Finance Department
 Telephone: +81-3-4530-4830
 Date of submission of quarterly report (Planned): May 13, 2016
 Date of commencements of divided payments (Planned): -
 Preparation of supplementary references regarding financial results: Yes (Shown on our homepage)
 Briefing for quarterly results: No

(Figures are rounded to the nearest million yen)

1. Consolidated Financial Results for the First Quarter of the Fiscal Year Ending December 31, 2016 (January 1, 2016 – March 31, 2016)

(1) Consolidated business results

(% = year-over-year change)

	Net sales		Operating income		Ordinary income		Quarterly net income attributable to Fullcast Holdings Co., Ltd.	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
(1Q FY12/16) March 31, 2016	5,731	13.6	519	26.8	587	72.6	481	85.4
(1Q FY12/15) March 31, 2015	5,046	10.1	409	64.3	340	33.7	259	12.8

(Note) Comprehensive income:

As of March 31, 2016: 476 million yen (82.1%) As of March 31, 2015: 261 million yen (14.0%)

	Net income per share		Diluted net income per share	
	Yen		Yen	
(1Q FY12/16) March 31, 2016	12.51		—	
(1Q FY12/15) March 31, 2015	6.73		—	

(2) Consolidated financial conditions

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
(End 1Q FY12/16) March 31, 2016	11,148	7,521	67.5
FY12/15 End	11,622	7,530	64.8

(Reference) Equity: As of March 31, 2016: 7,521 million yen As of December 31, 2015: 7,530 million yen

2. Dividend status

	Dividend per share (Yen)				
	End of 1Q	End of 2Q	End of 3Q	End of FY	Annual
FY12/15	—	8.00	—	10.00	18.00
FY12/16	—				
FY12/16 Forecast		10.00	—	10.00	20.00

(Note) Revision of the expected dividends in the first quarter under review: None

3. Consolidated Business Forecasts for the Fiscal Year Ending December 31, 2016 (January 1, 2016 – December 31, 2016)

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

	Net sales		Operating income		Ordinary income		Net income attributable to Fullcast Holdings Co., Ltd.		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	11,552	9.7	1,109	12.2	1,109	19.4	883	38.0	22.94
Full year	24,650	9.0	2,630	14.5	2,630	21.3	2,054	16.4	53.37

(Note) Revision of consolidated business forecasts in the first quarter under review: None

* Notes

- (1) Important changes of subsidiaries during the current first quarter: None
(Changes in specific subsidiaries involving changes in the scope of consolidation)
- (2) Application of special accounting treatment to the production of quarterly consolidated financial statements: None
- (3) Changes in accounting principles, accounting estimates, and re-presentation of changes
 - 1) Changes in accounting policies associated with the revision of accounting principles and others: Yes
 - 2) Changes in accounting policies other than mentioned in 1) above: None
 - 3) Changes in accounting estimates: None
 - 4) Re-presentation of changes: None
- (4) Number of shares issued (common stock)

1) Number of shares issued at term end (including treasury stock)	1Q FY12/16	38,486,400	FY12/15	38,486,400
2) Number of treasury stock at the term end	1Q FY12/16	148,500	FY12/15	—
3) Average number of shares outstanding during the term under review	1Q FY12/16	38,432,841	1Q FY12/15	38,486,400

* Presentation concerning implementation status of quarterly review procedures

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

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

Of all plans, business forecasts, strategies and other information provided within this document, those which are not historical facts are future outlooks based upon certain conditions and our management's judgment based upon currently available data. Therefore, we warn against relying solely upon these outlooks in assessing our business results, corporate value and other factors. Please also be informed that actual financial results may vary widely from our business forecasts due to various factors.

Important factors that may have an impact upon our actual financial results include: (1) the economic and financial conditions surrounding our Company and changes in the employment situation, (2) damages to infrastructure arising from disasters including earthquakes, and (3) changes in relevant laws, including the Labor Standards Act and the Worker Dispatching Act, and in interpretations of these Acts.

However, factors that affect our financial results are not limited to only these. Furthermore, please note that we may choose not to reexamine our business forecasts in response to new data, future events or other factors. For assumptions underlying our business forecasts and related issues, please refer to Page 3 "1-(3) Qualitative Information Concerning Consolidated Business Forecasts" of the "Appendix."

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1. Qualitative Information Concerning Performance for the Current Quarter

(1) Qualitative Information Concerning Consolidated Operating Results

During the first quarter under review, Japan's economy continued to undergo a steady recovery on the back of generally favorable corporate views about business conditions thanks to improved corporate profits and employment as well as a recovery seen in capital investment, and despite some uncertainties including growing caution in some areas of the economy. Economic conditions are expected to continue to improve steadily in the future based upon the outlook for the employment and income environments to continue improving on the back of various Government stimulus policies. However, uncertainties continue to cloud the economic horizon including the risk of downward pressures from the economic downturn in China and other Asian countries and resource dependent countries, rising uncertainty in other overseas economies, and the effects of volatility in financial and capital markets.

With regards to the operating environment surrounding the staffing service industry, the job offers-to-applicants ratio continued to steadily improve, while the number of new job offers increased and the unemployment rate gradually improved. Therefore, the future outlook points to further improvement in the employment situation.

Against this backdrop, the Fullcast Group implemented group management activities with the goal of "realizing increased profitability through growth in mainstay services and improved productivity" during the consolidated first quarter under review. In particular, marketing activities with an emphasis on boosting overall profitability of the Fullcast Group and focused on the mainstay part-time worker placement and part-time worker payroll management services were conducted. In addition, efforts are being made to create a structure for realizing higher profits by increasing productivity and promoting operational efficiencies across the entire Fullcast Group.

Consolidated net sales increased 13.6% year on year to 5,731 million yen. This sales growth was primarily attributed to increased sales realized in the part-time worker placement(hereinafter referred to as "Placement") and part-time worker payroll management(hereinafter referred to as "Management") services, which are both mainstay services within the short-term operational support business.

In terms of profits, consolidated operating income increased 26.8% year on year to 519 million yen on the back of the higher sales derived from growth in mainstay services of the short-term operational support business and initiatives to improve productivity. Consolidated ordinary income increased 72.6% year on year to 587 million yen because of the increase in profits derived from the acquisition of an equity stake in Beat Co., Ltd.

Quarterly net income attributable to Fullcast Holdings Co., Ltd. increased 85.4% year on year to 481 million yen following a decrease in corporate income, resident and business taxes resulting from the reduced tax burden following the introduction of the consolidated tax payment system.

"Accounting Standard for Business Combinations" (ASBJ Statement No. 21, September 13, 2013) was applied from the consolidated first quarter under review, and as a result "quarterly net income" has been reclassified as "quarterly net income attributable to Fullcast Holding Co., Ltd."

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

1) Short-term operational support business

Net sales of the short-term operational support business increased 13.2% year on year to 5,179 million. This increase is attributed primarily to initiatives to grow both Placement and Management services and the growth in the number of

Fullcast Holdings Co., Ltd. (4848) Financial Statement and Results for the First Quarter of the Term Ending December 2016 customers on the back of the launch of the “My Number management” service, which boosted sales of Management services.

With regards to profits, operating income increased 28.0% year on year to 674 million yen due to the positive influence of growth in mainstay services and reductions in SG&A expenses resulting from initiatives to improve productivity.

2) Security business

Net sales increased 17.3% year on year to 552 million yen due mainly to increases in the temporary security business. At the same time, operating income increased by 10 million yen year on year to 27 million yen (up 57.0% year on year) owing to the higher sales.

(2) Qualitative Information Concerning Consolidated Financial Position

Assets, liabilities and net assets

At the end of the first quarter, total assets decreased by 475 million yen from the end of the previous fiscal year to 11,148 million yen. Equity decreased by 9 to 7,521 million yen (An equity ratio of 67.5%), and net assets declined by 9 to 7,521 million yen.

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

With regard to assets, current assets decreased by 692 million yen from the end of the previous fiscal year to 9,499 million yen. This decrease is attributed mainly to a decline in cash and deposits of 896 to 5,510 million yen due to the payment of the year-end dividend for the fiscal year ended December 2015, acquisition of treasury stock, and payment of corporate income and consumption taxes, which offset an increase in other current assets of 202 to 613 million yen due mainly to a rise in accounts receivable-other of 182 to 411 million yen due to the refund of withholding tax related to the dividends of a subsidiary for the current fiscal year.

Noncurrent assets increased by 217 million yen from the end of the previous fiscal year to 1,648 million yen. This is mainly attributed to a rise of 204 million yen in other investments and other assets to 932 million yen due mainly to an increase in investment securities associated with the acquisition of Beat Co., Ltd. from 189 to 540 million yen.

With regard to liabilities, current liabilities decreased by 445 million yen from the end of the previous fiscal year to 3,166 million yen. This decrease is attributed mainly to a fall in accounts payable-other of 122 to 616 million yen, income taxes payable of 443 to 62 million yen and accrued consumption taxes of 199 to 384 million yen due to tax payment upon the final return, which offset an increase in provisions for bonuses of 69 to 70 million yen, other current liabilities of 183 to 355 million yen due mainly to social insurance premium deposits decreasing 120 to 1 million yen despite withholding income tax deposits increasing 299 to 317 million yen.

Noncurrent liabilities decreased by 21 million yen from the end of the previous fiscal year to 460 million yen due mainly to a decline in net defined benefit liability of 20 to 402 million yen.

(3) Qualitative Information Concerning Consolidated Business Forecasts

Regarding our earnings forecasts for the full fiscal year ending December 2016, earnings on a consolidated basis for the

Fullcast Holdings Co., Ltd. (4848) Financial Statement and Results for the First Quarter of the Term Ending December 2016 quarter under review remained in line with our plans overall, led by the short-term operational support business. Accordingly, we maintain our outstanding earnings forecasts for the fiscal year ending December 2016 (first half and the full year), which were announced on February 12, 2016.

2. Matters Concerning Summary Information (Notes)

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

(Change in Accounting Policy)

(Application of Accounting Standard for Business Combinations)

“Accounting Standard for Business Combinations” (ASBJ Statement No. 21, September 13, 2013), “Accounting Standard for Consolidated Financial Statements” (ASBJ Statement No. 22, September 13, 2013), and “Accounting Standard for Business Divestitures” (ASBJ Statement No. 7, September 13, 2013) were applied from the consolidated first quarter under review, which resulted in changes to the presentation of quarterly net income. The consolidated quarterly financial statements and consolidated financial statements for the previous consolidated first quarter and the previous fiscal year have been revised to reflect this change in presentation.

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

	(Million yen)	
	FY12/15 end (December 31, 2015)	1Q FY12/16 end (March 31, 2016)
ASSETS		
Current assets		
Cash and deposits	6,406	5,510
Notes and accounts receivable-trade	2,912	2,907
Merchandise	5	22
Supplies	13	15
Deferred tax assets	463	447
Other	412	613
Allowance for doubtful accounts	(19)	(14)
Total current assets	10,191	9,499
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	107	110
Tools, furniture and fixtures, net	260	259
Other, net	10	6
Total property, plant and equipment	377	375
Intangible assets		
Other	359	375
Total intangible assets	359	375
Investments and other assets		
Other	728	932
Allowance for doubtful accounts	(33)	(33)
Total investments and other assets	695	898
Total noncurrent assets	1,431	1,648
Total assets	11,622	11,148

(Million yen)

	FY12/15 end (December 31, 2015)	1Q FY12/16 end (March 31, 2016)
LIABILITIES		
Current liabilities		
Notes and accounts payable-trade	5	40
Short-term loans payable	1,000	1,000
Accounts payable-other	607	639
Accrued expenses	738	616
Income taxes payable	505	62
Accrued consumption taxes	583	384
Provision for bonuses	1	70
Other	173	355
Total current liabilities	3,611	3,166
Noncurrent liabilities		
Net defined benefit liability	422	402
Other	59	58
Total noncurrent liabilities	482	460
Total liabilities	4,093	3,627
NET ASSETS		
Shareholders' equity		
Capital stock	2,780	2,780
Capital surplus	2,006	2,006
Retained earnings	2,727	2,823
Treasury stock	—	(100)
Total shareholders' equity	7,513	7,509
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	17	12
Total accumulated other comprehensive income	17	12
Total net assets	7,530	7,521
Total liabilities and net assets	11,622	11,148

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

	(Million yen)	
	1Q FY12/15 (From January 1, 2015 To March 31, 2015)	1Q FY12/16 (From January 1, 2016 To March 31, 2016)
Net sales	5,046	5,731
Cost of sales	3,225	3,626
Gross profit	1,821	2,105
Selling, general and administrative expenses	1,412	1,586
Operating income	409	519
Non-operating income		
Share of profit of entities accounted for using equity method	—	74
Reversal of accounts payable	1	0
Other	3	3
Total non-operating income	4	77
Non-operating expenses		
Interest expenses	2	2
Damage compensation expenses	1	0
Settlement package	1	2
Share of loss of entities accounted for using equity method	65	—
Other	4	4
Total non-operating expenses	73	8
Ordinary income	340	587
Extraordinary income		
Gain on sales of investment securities	47	—
Total extraordinary income	47	—
Extraordinary loss		
Other	0	1
Total extraordinary losses	0	1
Income before income taxes and minority interests	387	587
Income taxes-current	106	88
Income taxes-deferred	23	18
Total income taxes	128	106
Net income	259	481
Quarterly net income attributable to non-controlling interests	—	—
Quarterly net income attributable to Fullcast Holdings Co., Ltd.	259	481

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

	(Million yen)	
	1Q FY12/15 (From January 1, 2015 To March 31, 2015)	1Q FY12/16 (From January 1, 2016 To March 31, 2016)
Net income	259	481
Other comprehensive income		
Valuation difference on available-for-sale securities	2	(2)
Share of other comprehensive income of entities accounted for using equity method	—	(3)
Total other comprehensive income	2	(5)
Comprehensive income	261	476
Comprehensive income attributable to		
Quarterly comprehensive income attributable to Fullcast Holdings Co., Ltd.	261	476
Quarterly comprehensive income attributable to non-controlling interests	—	—

(3) Notes on Quarterly Consolidated Financial Statements

(Concerning Notes about Going Concern Assumption)

Not applicable.

(Concerning Significant Change of Shareholders' Equity)

Not applicable.

(Segment Information and Others)

First Quarter of the Previous Fiscal Year (From January 1, 2015 to March 31, 2015)

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

(Million yen)

	Reporting Segment		Total	Adjustment amount *1	Quarterly consolidated profit and loss statement amount*2
	Short-term operational support business	Security business			
Net sales					
Sales to external customers	4,576	470	5,046	—	5,046
Inter-segment sales or transfers	—	—	—	—	—
Total	4,576	470	5,046	—	5,046
Segment income or loss (-)	526	17	543	(134)	409

Notes 1. 1 million yen in intersegment eliminations and (135) million yen in company-wide expenses not allocated to any specific reporting segment are included in the (134) million yen segment income adjustment amount. Company-wide expenses are mainly general administrative expenses that do not belong to any specific reporting segment.

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

First Quarter of the Current Fiscal Year (From January 1, 2016 to March 31, 2016)

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

(Million yen)

	Reporting Segment		Total	Adjustment amount *1	Quarterly consolidated profit and loss statement amount*2
	Short-term operational support business	Security business			
Net sales					
Sales to external customers	5,179	552	5,731	—	5,731
Inter-segment sales or transfers	0	—	0	(0)	—
Total	5,179	552	5,731	(0)	5,731
Segment income or loss (-)	674	27	700	(181)	519

Notes 1. 0 million yen in intersegment eliminations and (182) million yen in company-wide expenses not allocated to any specific reporting segment are included in the (181) million yen segment income adjustment amount. Company-wide expenses are mainly general administrative expenses that do not belong to any specific reporting segment.

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