



November 11, 2016

Consolidated Financial Results Announcement for the Aggregate Third 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>
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 Date of submission of quarterly report (Planned): November 11, 2016
 Date of commencements of dividend payments (Planned): -
 Preparation of supplementary references regarding financial results: Yes (Shown on our homepage)
 Briefing for quarterly results: No

(Figures are rounded to the nearest million yen)

1. Consolidated Financial Results for the Aggregate Third Quarter of the Fiscal Year Ending December 31, 2016 (January 1 – September 30, 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-3Q FY12/16) September 30, 2016	18,632	13.3	2,005	26.0	2,107	41.2	1,712	65.7
(1Q-3Q FY12/15) September 30, 2015	16,444	12.5	1,592	48.4	1,493	34.9	1,033	25.7

(Note) Comprehensive income: As of September 30, 2016: 1,713 million yen (64.9%) As of September 30, 2015: 1,039 million yen (26.2%)

	Net income per share	Diluted net income per share
	Yen	Yen
(1Q-3Q FY12/16) September 30, 2016	44.62	-
(1Q-3Q FY12/15) September 30, 2015	26.84	-

(2) Consolidated financial conditions

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
(End 3Q FY12/16) September 30, 2016	11,980	8,447	69.9
FY12/15 End	11,622	7,530	64.8

(Reference) Equity: As of September 30, 2016: 8,374 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	–	10.00	–		
FY12/16 Forecast				10.00	20.00

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

3. Consolidated Business Forecasts for the Fiscal Year Ending December 31, 2016 (January 1 – 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		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	24,650	9.0	2,630	14.5	2,630	21.3	2,054	16.4	53.37

(Note) Revision of the consolidated business forecast in the third quarter under review: None

* Notes

(1) Important changes of subsidiaries during the current aggregated third quarter period: None

(Changes in specific subsidiaries involving changes in the scope of consolidation)

(2) Application of special accounting treatment to the production of quarterly consolidated financial statements: None

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

1) Changes in accounting 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)

2) Number of treasury stock at the term end

3) Average number of shares outstanding during the term under review

3Q FY12/16	38,486,400	FY12/15	38,486,400
3Q FY12/16	148,500	FY12/15	–
3Q FY12/16	38,369,431	3Q FY12/15	38,486,400

* Presentation concerning implementation status of quarterly review procedures

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

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

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

Important factors that may have an impact upon our actual financial results include: (1) the economic and financial conditions surrounding our Company and changes in the employment environment, (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 aggregate third quarter under review, Japan's economy continued to undergo a steady recover on the back of improvements in employment conditions and personal consumption, which were generally strong. However, concerns regarding potential weakening in business conditions by companies as improvements in corporate earnings and the recovery in capital investments slowed despite high levels of corporate earnings remained in place. Economic conditions are expected to continue to steadily improve in the future based upon the outlook for improvements in the employment and income environments in response to various Government stimulus policies. However, uncertainties continue to cloud the economic horizon, including risks arising from economic slowing in China, other Asian countries and in resource dependent countries, and "Brexit" issue in Europe, growing uncertainty in other overseas economies, and 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 employment conditions in the future.

Against this backdrop, the Fullcast Group implemented group management activities with a goal of "realizing increased profitability through growth in mainstay services and improved productivity" during the aggregate third quarter. In particular, marketing activities with an emphasis on boosting overall profitability of the Fullcast Group and focused on the mainstay part-time worker placement (hereinafter referred to as "placement") and part-time worker payroll management and My Number management (hereinafter referred to as "management") services were conducted. 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.

Consequent to these efforts, consolidated net sales grew by 13.3% year on year to 18,632 million yen. This sales growth was primarily attributed to expansion in "outsourcing" services as well as increased sales of the "placement" and "management" services, which are both mainstay services within the short-term operational support business.

In terms of profits, consolidated operating income rose by 26.0% year on year to 2,005 million yen on the back of higher sales derived from growth in the short-term operational support business and initiatives to raise productivity. Consolidated ordinary income increased 41.2% year on year to 2,107 million yen because of growth in profits arising from the acquisition of an equity stake in Beat Co., Ltd.

Quarterly net income attributable to Fullcast Holdings Co., Ltd. increased 65.7% year on year to 1,712 million yen due in part to a decrease in corporate income, resident and business taxes resulting from the tax reductions 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 first quarter of the current fiscal year and subsequently "net income" has been redefined as "quarterly net income attributable to Fullcast Holding Co., Ltd."

And other, Dimension Pockets Co., Ltd. became a consolidated subsidiary as of August 10, 2016. Because the deemed acquisition date is September 30, 2016, only its balance sheet has been consolidated for the third quarter of the current fiscal year ending December 31, 2016.

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

Note that accompanying the acquisition of the shares of Dimension Pockets Co., Ltd. during the third quarter of the current fiscal year and its new inclusion in the scope of consolidation, the name of the former “security business” segment has been changed to the “security, other businesses” segment.

1) Short-term operational support business

Net sales of the mainstay short-term operational support business increased 13.8% year on year to 17,063 million yen. This increase is attributed primarily to growth in “outsourcing” services achieved by Fullcast’s ability to satisfy the needs of customers and to increases in sales realized by expansion in the number of customers using mainstay “placement” and “management” services.

With regards to profits, operating income for this segment increased 25.3% year on year to 2,456 million yen due to the positive influence of growth in mainstay and “outsourcing” services, as well as reductions in sales, general and administrative (SG&A) expenses resulting from initiatives to raise productivity by actively hiring part-time workers and making improvement daily operations.

2) Security, other businesses

Net sales increased 8.0% year on year to 1,569 million yen due primarily to continued growth in the temporary security businesses. Despite the one-time amortization of goodwill accompanying the acquisition of shares of Dimension Pockets Co., Ltd. (14 million yen) during the third quarter, operating income for the segment increased 29.4% year on year to 78 million yen due to the higher sales.

(2) Qualitative Information Concerning Consolidated Financial Position

Assets, liabilities and net assets

At the end of the third quarter, total assets increased by 357 million yen from the end of the previous fiscal year to 11,980 million yen. Equity increased by 844 to 8,374 million yen (for an equity ratio of 69.9%) and net assets increased by 918 to 8,447 million yen.

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

With regard to assets, current assets declined by 405 million yen from the end of the previous fiscal year to 9,786 million yen at the end of third quarter. This decline is attributed to a mainly to a decline in cash and deposits of 614 million yen to 5,791 million yen due to payment of year-end dividends for the fiscal year ended December 2015, and interim dividends for the current fiscal year ending December 2016, and finalized payment and interim payment of corporate income and consumption taxes, which offset, an increase in notes and accounts receivable of 56 million yen to 2,968 million yen and an increase in current assets-other of 165 million yen to 577 million yen arising from an increase in accounts receivable-other of 119 million yen to 349 million yen due to the refund of withholding income tax related to subsidiary dividends.

Noncurrent assets increased by 762 million yen from the end of the previous fiscal year to 2,194 million yen. This increase is attributed mainly to increases in buildings and structures, net by 255 million yen to 362 million yen and in land by 254 million yen to 254 million yen as a result of the inclusion of Dimension Pockets Co., Ltd. within the scope of consolidation, and an increase other investments and assets increased by 247 to 975 million yen as a result of in

Fullcast Holdings Co., Ltd. (4848) Financial Statement and Results for the Aggregate Third Quarter of the Term Ending December 2016 investment securities associated with the acquisition shares of Beat Co., Ltd. of 246 to 597 million yen.

With regard to liabilities, current liabilities declined by 641 million yen from the end of the previous fiscal year to 2,970 million yen. This decline is attributed mainly to fall in accounts payable-other of 33 to 574 million yen, in accrued expenses of 107 to 631 million yen, in income taxes payable of 406 to 99 million yen and in accrued consumption taxes of 211 to 371 million yen, due to full year and interim payments, which offset increases in notes and accounts payable of 47 to 52 million yen and in provisions for bonuses of 71 to 72 million yen.

Noncurrent liabilities increased by 81 million yen from the end of the previous fiscal year to 562 million yen. This was due mainly to increases in other noncurrent liabilities from 92 to 152 million yen arising from an increase in long-term loans payable of 78 to 78 million yen as a result of the inclusion of Dimension Pockets Co., Ltd. within the scope of consolidation. These increases offset a decline in net defined benefit liability by 12 to 411 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 aggregate third quarter remained in line with our plans overall, led by strength in the short-term operational support business. Accordingly, we maintain our outstanding earnings forecasts for the fiscal year ending December 2016 (Full year), which were announced on February 12, 2016.

2. Matters Concerning Summary Information (Notes)

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

Not applicable.

Note that while it did not constitute changes in specific subsidiaries involving changes in the scope of consolidation, Dimension Pockets Co., Ltd. was included in the scope of consolidation accompanying the acquisition of its shares during the third quarter of the current fiscal year.

(2) 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 first quarter of the current fiscal year, which resulted in changes to the presentation of net income. The consolidated quarterly financial statements and consolidated financial statements for the previous first quarter and the previous fiscal year have been revised to reflect this change in presentation.

(Application of the “Practical Solution to Change in Depreciation Method Due to Tax Reform 2016”)

Following amendments to the Corporation Tax Act, our Company applied the “Practical Solution to Change in Depreciation Method Due to Tax Reform 2016” (ASBJ PITF No. 32, June 17, 2016) from the second quarter of the current term. As a result, the depreciation method used for buildings and auxiliary equipment or structures acquired on and after April 1, 2016 will be changed from declining balance method to straight line method. The impact of this change on consolidated the current aggregated third quarter profit and loss is minimal.

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

(Million yen)

	FY12/15 end (December 31, 2015)	3Q FY12/16 end (September 30, 2016)
ASSETS		
Current assets		
Cash and deposits	6,406	5,791
Notes and accounts receivable-trade	2,912	2,968
Merchandise	5	15
Supplies	13	11
Deferred tax assets	463	439
Other	412	577
Allowance for doubtful accounts	(19)	(15)
Total current assets	10,191	9,786
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	107	362
Tools, furniture and fixtures, net	260	231
Land	-	254
Other, net	10	25
Total property, plant and equipment	377	872
Intangible assets		
Other	359	360
Total intangible assets	359	360
Investments and other assets		
Other	728	975
Allowance for doubtful accounts	(33)	(13)
Total investments and other assets	695	962
Total noncurrent assets	1,431	2,194
Total assets	11,622	11,980

(Million yen)

	FY12/15 end (December 31, 2015)	3Q FY12/16 end (September 30, 2016)
LIABILITIES		
Current liabilities		
Notes and accounts payable-trade	5	52
Short-term loans payable	1,000	1,008
Accounts payable-other	607	574
Accrued expenses	738	631
Income taxes payable	505	99
Accrued consumption taxes	583	371
Provision for bonuses	1	72
Other	173	163
Total current liabilities	3,611	2,970
Noncurrent liabilities		
Net defined benefit liability	422	411
Other	59	152
Total noncurrent liabilities	482	562
Total liabilities	4,093	3,532
NET ASSETS		
Shareholders' equity		
Capital stock	2,780	2,780
Capital surplus	2,006	2,006
Retained earnings	2,727	3,671
Treasury stock	-	(100)
Total shareholders' equity	7,513	8,357
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	17	18
Total accumulated other comprehensive income	17	18
Non-controlling interest	-	73
Total net assets	7,530	8,447
Total liabilities and net assets	11,622	11,980

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

(Million yen)

	1Q-3Q FY12/15 (From January 1, 2015 To September 30, 2015)	1Q-3Q FY12/16 (From January 1, 2016 To September 30, 2016)
Net sales	16,444	18,632
Cost of sales	10,526	11,915
Gross profit	5,918	6,707
Selling, general and administrative expenses	4,326	4,702
Operating income	1,592	2,005
Non-operating income		
Dividends income	1	1
Share of profit of entities accounted for using equity method	–	124
Reversal of accounts payable	2	0
Other	10	9
Total non-operating income	13	134
Non-operating expenses		
Interest expenses	6	5
Damage compensation expenses	3	2
Settlement package	6	6
Handicapped persons' employment payment	4	7
Share of loss of entities accounted for using equity method	86	–
Other	8	13
Total non-operating expenses	113	32
Ordinary income	1,493	2,107
Extraordinary income		
Gain on sales of investment securities	48	–
Compensation income	–	21
Other	0	2
Total extraordinary income	48	23
Extraordinary loss		
Loss on retirement of noncurrent assets	0	18
Other	0	–
Total extraordinary losses	0	18
Income before income taxes and minority interests	1,540	2,112
Income taxes-current	482	375
Income taxes-deferred	25	26
Total income taxes	507	401
Net income	1,033	1,712
Quarterly net income attributable to non-controlling interests	–	–
Quarterly net income attributable to Fullcast Holdings Co., Ltd.	1,033	1,712

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

	(Million yen)	
	1Q-3Q FY12/15 (From January 1, 2015 To September 30, 2015)	1Q-3Q FY12/16 (From January 1, 2016 To September 30, 2016)
Net Income	1,033	1,712
Other comprehensive income		
Valuation difference on available-for-sale securities	6	1
Share of other comprehensive income of entities accounted for using equity method	-	(1)
Total other comprehensive income	6	1
Comprehensive income	1,039	1,713
Comprehensive income attributable to		
Quarterly comprehensive income attributable to Fullcast Holdings Co., Ltd.	1,039	1,713
Quarterly comprehensive income attributable to non-controlling interest	-	-

(3) Notes on Quarterly Consolidated Financial Statements

(Concerning Notes about Going Concern Assumption)

Not applicable.

(Concerning Significant Change of Shareholders' Equity)

Not applicable.

(Segment Information and Others)

Aggregate Third Quarter of the Previous Fiscal Year (From January 1, 2015 to September 30, 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, other businesses			
Net sales					
Sales to external customers	14,991	1,454	16,444	–	16,444
Inter-segment sales or transfers	–	–	–	–	–
Total	14,991	1,454	16,444	–	16,444
Segment income or loss (-)	1,960	60	2,020	(429)	1,592

(Notes) 1. 2 million yen in intersegment eliminations and -430 million yen in company-wide expenses not allocated to any specific reporting segment are included in the -429 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.

Aggregate Third Quarter of the Current Fiscal Year (From January 1, 2016 to September 30, 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, other businesses			
Net sales					
Sales to external customers	17,063	1,569	18,632	–	18,632
Inter-segment sales or transfers	0	0	0	(0)	–
Total	17,063	1,570	18,633	(0)	18,632
Segment income or loss (-)	2,456	78	2,533	(528)	2,005

(Notes) 1. -1 million yen in intersegment eliminations and -528 million yen in company-wide expenses not allocated to any specific reporting segment are included in the -528 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.

2. Information relating to assets by each reporting segment

(Significant increases in assets through the acquisition of subsidiaries)

Accompanying the acquisition of the shares of Dimension Pockets Co., Ltd. during the third quarter of the current fiscal year and its new inclusion in the scope of consolidation, assets in the “Security, other businesses” segment have increased by 523 million yen year on year.

3. Changes in reporting segments, others

(Changes in segment names)

Accompanying the acquisition of the shares of Dimension Pockets Co., Ltd. during the third quarter of the current fiscal year and its new inclusion in the scope of consolidation, the name of the former “Security business” segment has been changed to the “Security, other businesses” segment.

Note that reporting segment information for the aggregate third quarter of the fiscal year ending December 31, 2015 is disclosed under the name after the change.