

FULLCAST HOLDINGS CO., LTD.

FULLCAST
HLDGS.

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

August 5, 2016

- **P3** **Consolidated Business Highlights for the First Half of the FY12/16 (Jan. – Jun. 2016)**

- **P6** **The First Half of the FY12/16 Short-Term Operational Support Business Earnings (Jan. – Jun. 2016)**

- **P9** **The First Half of the FY12/16 Security Business Earnings (Jan. – Jun. 2016)**

- **P11** **Progress in Strategy Implementation for the Fiscal Year Ending December 2016**

- **P19** **Progress in Business Forecasts for the Fiscal Year Ending December 2016**

- **P22** **Interim Dividends**

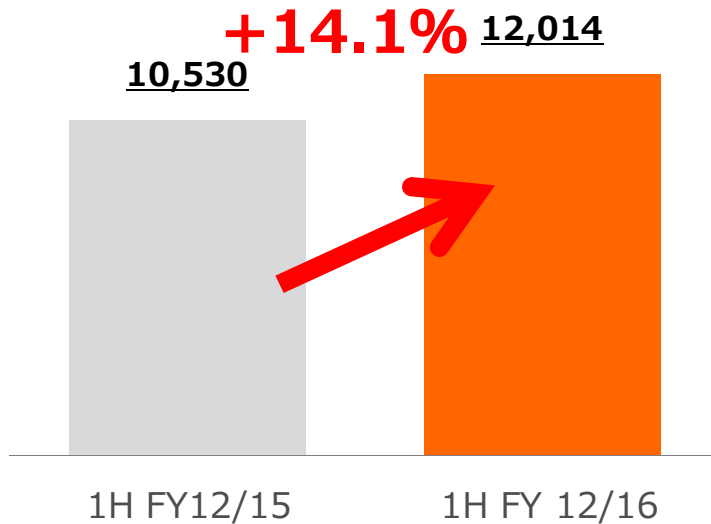
*In this document, short-term operational support business, one of the segments, is referred to as “Short-Term” in some parts.

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

Consolidated Business Highlights for the First Half of the FY12/16 (Jan. – Jun. 2016)

Net sales

(Million yen)

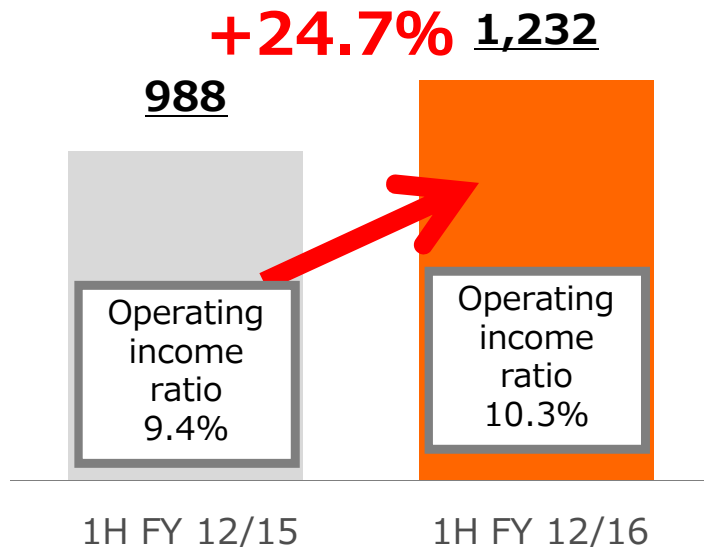


【Factors behind the change in net sales】

- ✓ The short-term operational support business recorded growth in sales of mainstay “placement” and “management” services, along with a rise in sales of “outsourcing” services, as net sales increased 14.1% year on year .

Operating income

(Million yen)



【Factors behind the change in operating income】

- ✓ Operating income rose 24.7% year on year thanks to the positive influence of growth in mainstay services.
- ✓ Operating income ratio increased 0.9pts year on year due to an increase in sales and efforts to improve productivity and restraining SG&A expenses.

■ First Half FY2016 Year-on-Year Comparison

(Million yen)

	1H FY12/15	1H FY12/16	YY Change	Rate of change
Net sales	10,530	12,014	1,484	14.1%
Gross profit	3,829	4,354	525	13.7%
SG&A expenses	2,841	3,122	282	9.9%
Operating income	988	1,232	244	24.7%
Operating income ratio	9.4%	10.3%	—	—
Ordinary income	929	1,340	411	44.3%
Quarterly net income attributable to Fullcast Holdings Co., Ltd.	639	1,081	441	69.0%

✓ Ordinary income **increased 44.3%** year on year because of the increase in share of income entitles accounted for using equity method associated with the acquisition of Beat Co., Ltd.

✓ Quarterly net income attributable to Fullcast Holdings Co., Ltd. **increased 69.0%** year on year because of the decrease in corporation tax due to a decline in tax burden following the introduction of the consolidated tax payment system.

✓ Fullcast attained its medium-term management plan target for gross profit per yen of personnel costs, which is an indicator for Group-wide productivity

(Yen)

Gross profit per yen of personnel costs	2.3	2.4	0.1	3.9%
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➤ Gross profit per yen of personnel costs is rounded off to the second decimal place.

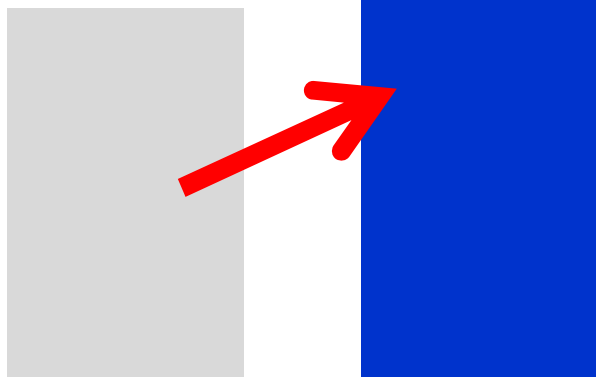
The First Half of the FY12/16 Short-Term Operational Support Business Earnings (Jan. –Jun. 2016)

Net sales

(Million yen)

+14.5% 10,955

9,570



1H FY 12/15

1H FY 12/16

【Factors behind the change in net sales】

- ✓ In addition to growth in both “placement” and “management” services achieved by focusing on growth in the number of customers, we were able to meet the needs of customers who prefer “outsourcing” services, resulting in a **14.5% increase** in sales year on year.

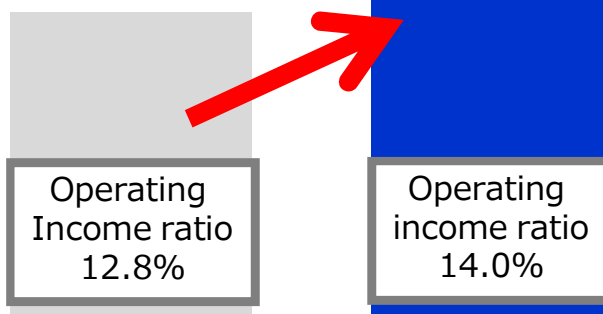
	1H FY 12/15	1H FY 12/16	Change	%
Customers (companies)	8,778	10,558	1,780	20.3%
New customers (companies)	1,511	1,891	380	25.1%

Operating income

(Million year)

+24.9% 1,536

1,229



1H FY 12/15

1H FY 12/16

- ✓ The launch of the “My Number management” service provided a boosted sales of “management” services.

【Factors behind the change in operating income】

- ✓ The increase in net sales **boosted operating income 24.9%** year on year.
- ✓ The operating income ratio rose by **1.2pts** due to restraint in SG&A expenses, along with efforts to increase productivity through changes in daily operations, hiring of part-time workers, and the positive influence of higher sales.

Year-on-Year Comparison by Service Category

(Million yen)

	1H FY12/15	1H FY 12/16	YY Change	Rate of change
Net sales	9,570	10,955	1,384	14.5%
Placement	1,553	1,738	185	11.9%
Management	946	1,159	213	22.5%
Dispatching	5,887	6,529	642	10.9%
Outsourcing	1,184	1,527	344	29.1%
Gross profit	3,662	4,163	501	13.7%
Placement	1,502	1,667	166	11.0%
Management	946	1,153	207	21.8%
Dispatching	983	1,014	32	3.2%
Outsourcing	231	328	97	42.1%

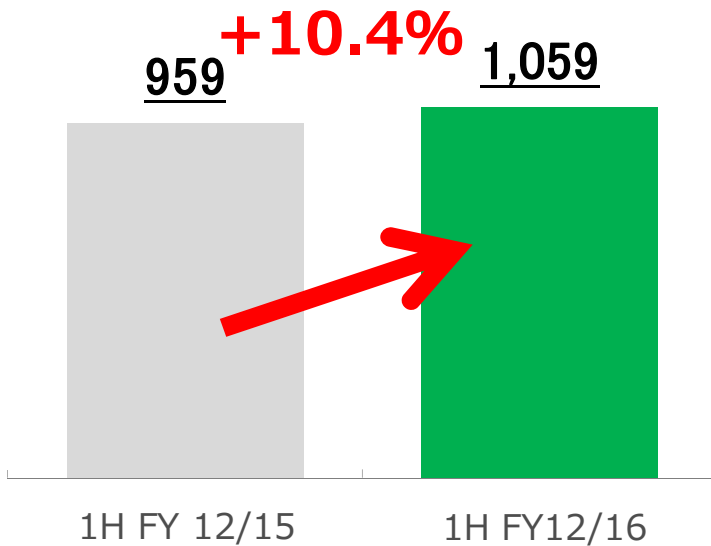
- ✓ Both “placement” and “management” services grew by focusing on growing the number of customers.
- ✓ The launch of the “My Number management” services boosted “management” services.
- ✓ “Outsourcing” services also grew, on the back of orders won for short-term sales promotion operations and store inventory related work.

- Short-term “management” services includes the total of “payroll management services” and “My Number management service”.
- The subsidiary Fullcast Advance Co., Ltd. started new “placement” services in June 2016.
- Numerical data represents reference figures. This data has not been audited by our accounting auditor.

The First Half of the FY12/16 Security Business Earnings (Jan. –Jun. 2016)

Net sales

(Million yen)

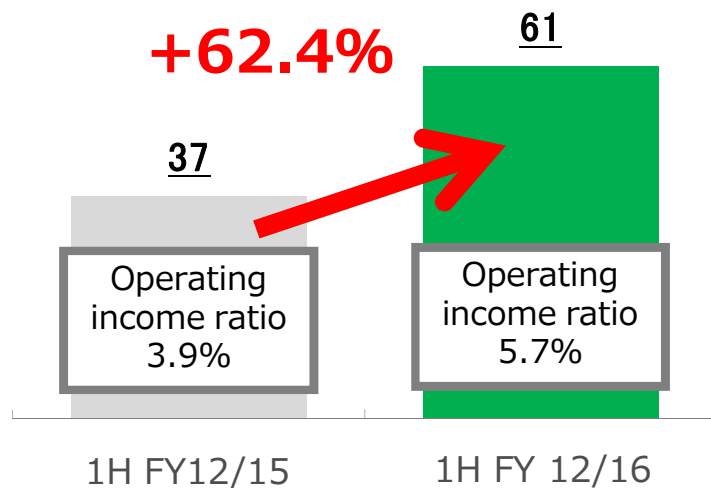


【Factors behind the change in net sales】

✓ Continuing from the first quarter, increases in staffing for ad hoc security projects was recorded, and segment sales rose 10.4% year on year.

Operating income

(Million yen)



【Factors behind the change in operating income】

✓ Operating income increased 62.4% year on year, driven by the increase sales.

Progress in Strategy Implementation for the Fiscal Year Ending December 2016

Business Strategy (1) Increase hiring capability and expand the number of operating workers

Business Strategy (2) Continue opening new offices and establish new companies

Business Strategy (3) Strengthen BPO business

Business Strategy (4) Implement other measures to expand business

● Business Strategy (1) Increase hiring capability and expand the number of operating workers

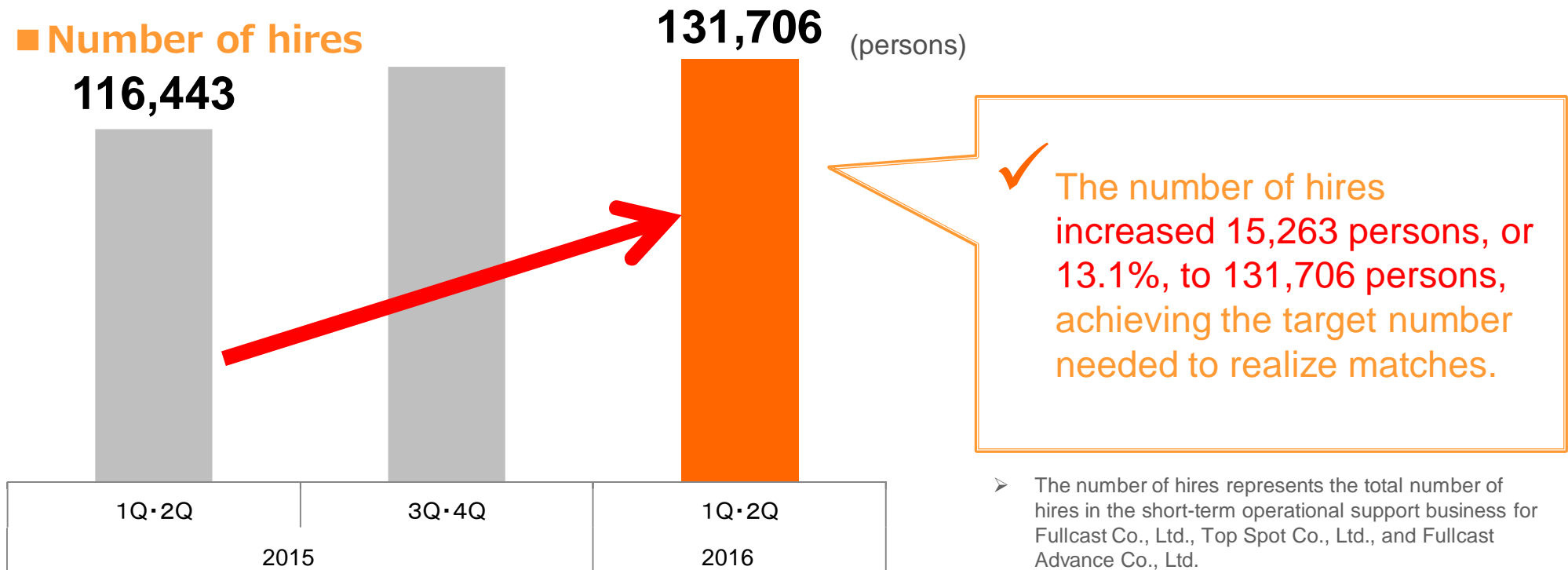
□ Initiative (1) Increase the number of job postings

- We effectively leveraged recruitment expense within the scope of earnings forecasts to increase the number of job postings in job search related media in order to increase our hiring capability.

□ Initiative (2) Promote the use of online registration services

- By developing a route from job search media to our online registration service, we worked to increase the recognition of our highly convenient online registration service amongst people searching for jobs.

■ Number of hires



● Business Strategy (1) Increase hiring capability and expand the number of operating workers

□ Initiative (3) Re-examine activities to promote utilization of registered staff

- We made changes to activities to promote utilization of registered staff not working, which had been carried out previously by each office, by switching to a centrally managed system run by the head office. Deploying this system into company-wide efforts make them more efficient.
- Functional improvements to Cast Portal (*) were made ahead of schedule to increase convenience for job seekers and to increase the number of postings with images about the workplace and job responsibilities. This aids job seekers in understanding/visualizing the actual job responsibilities of each posting.

*The Company established Cast Portal, a portal site on our corporate website for job seekers.

■ Number of operating workers

(persons)

	1H FY12/15	1H FY12/16	Increase	Change
Number of operating workers	101,288	109,623	8,335	8.2%

✓ The number of operating workers increased 8.2% year on year.

➤ The number of operating workers represents the unique number of persons working, excluding management services, in the short-term operational support business for Fullcast Co., Ltd., Top Spot Co., Ltd., and Fullcast Advance Co., Ltd. during the first half.

● Business Strategy (2) Continue to opening offices and establish new companies

□ Initiative (1) Continuously open new offices

➤ Opened new sales offices and expanded the sales network with a target of increasing new customers numbers.

■ H1 – New sales offices

«Fullcast Co., Ltd.» Yokkaichi Sales Dept. (Mie Pref.)	Feb.
Tsukuba Sales Dept. (Ibaraki Pref.)	Mar.
«Top Spot Co., Ltd.» Kyoto Sales Dept. (Kyoto Pref.)	Mar.

■ H2 – New sales offices (plan)

«Fullcast Co., Ltd.» Asahikawa(Hokkaido Pref.) Morioka (Iwate Pref.) Iwaki (Fukushima Pref.) Kofu (Yamanashi Pref.) Fukui (Fukui Pref.) Matsuyama (Ehime Pref.) «Top Spot Co., Ltd.» Nagoya (Aichi Pref.)

✓ Opened **3 sales offices** in medium-sized cities where considerable market growth is expected.

✓ Plan to open **7 new offices** in September for Q3 and Q4 of FY 12/16

□ Initiative (2) Establish new companies

➤ Strengthened Group synergies in staff hiring and sales activities and established Work & Smile Co., Ltd. to expand the short-term operational support business, with this new company commencing business activities on July 1, 2016.



Name: Work & Smile Co., Ltd.

Paid-in capital: 80 million yen




Business lines: Human resources services

✓ Established Work & Smile Co., Ltd. on February 2, 2016 to engage in the short-term operational support business similar to Fullcast Co., Ltd. and Top Spot Co., Ltd., with this new company commencing business activities on July 1, 2016.

✓ Strengthen Group synergies in staff hiring and sales activities and expand the short-term operational support business.

● Business Strategy(3) Strengthen BOP business

Initiative – Preparing for the provision of new BPO services

-  Leveraging our customers connections, we initiated preparations aimed at the enhancement of our BPO business.
-  In addition to “part-time worker payroll management” services, we launched the “My Number” management service in January 2016, which has helped us to make connections with the administrative departments of customers not possible in the past through sales activities for “placement” and “dispatching” services. This allows us to put in place a system to identify the issues and needs of customers in terms of labor management and administrative matters.
-  We are now developing new BPO services, including employee payroll, year-end tax adjustment management service, and daily payroll management services for part-time workers employed by customers, to respond to the issues and needs of customers as their partner.

 Preparations are now underway for new BPO services so that they can be launched in December 2016 and begin contributing to earnings in the next fiscal year.

● Business Strategy (4) Other measures to expand business

□ Initiative (2) Expand business domains of Fullcast Advance Co., Ltd.

- Launched “placement” services at Fullcast Advance Co., Ltd. from June 2016.

**FULLCAST
ADVANCE**

Name: Fullcast Advance Co., Ltd.

Paid-in capital: 50 million yen

Business: Offering manned security, street and traffic security, subcontracting of planning and operations for construction, building engineering, events; and human resources service for reception (short-term operational support business)

- ✓ We launched “placement” services at Fullcast Advance Co., Ltd. in June 2016.
- ✓ We will expand this business by enhancing Group synergies in staff hiring and sales activities.

● Business Strategy (4) Other measures to expand business

□ Initiative (1) Acquired shares of Beat Co., Ltd.

➤ We acquired shares of Beat Co., Ltd. and made it an equity-method affiliate.



株式会社ビート

Name: Beat Co., Ltd.

Paid-in capital: 50 million yen

Business lines: Business process outsourcing, etc.

- ✓ We acquired shares of Beat Co., Ltd., making it an equity-method affiliate, in order to generate synergistic effects with Beat Co., Ltd., which primarily engages in business process outsourcing services, and the rest of the Fullcast Group, which mainly engages in the short-term operational support business.
- ✓ Going forward, we will examine ways to create synergies with the on-site contracting business.

□ Initiative 3 – Acquire shares of Dimension Pockets Co., Ltd.

➤ A resolution was passed to acquire shares of Dimension Pockets Co., Ltd.

DIMENSION POCKETS CO., LTD.

Name: Dimension Pockets Co., Ltd.

Paid-in capital: 136 million yen

Business: Hotel and restaurant management, development and sales, others.

- ✓ Shares of Dimension Pockets Co., Ltd. will be acquired a majority of its stocks and the company will become a consolidated subsidiary in order to aid our entry into new fields where growth is anticipated and to diversify our Group's business portfolio.
- ✓ Japan's hotel industry is facing critical staff shortages, therefore we will examine ways to generate synergies by packaging existing human resource services for the hotel industry.

Progress in Business Forecasts for the Fiscal Year Ending December 2016

- ✓ Net sales and gross profit were basically in line with forecasts as favorable business trends were recorded in the short-term operation business.
- ✓ SG&A expenses fell below earnings forecasts thanks to improvements in productivity and boosted operating income by over 10% above forecasts and quarterly net income attributable to Fullcast Holdings Co., Ltd. by over 20% above forecasts.

(Million yen)

	1H FY12/16 (Actual) (A)	1H FY 12/16 (Business forecasts) (B)	Attainment rate for 1H FY12/16 (A / B)
Net sales	12,014	11,552	104.0%
Gross profit	4,354	4,370	99.6%
Operating income	1,232	1,109	111.1%
Operating income ratio	10.3%	9.6%	-
Ordinary income	1,340	1,109	120.8%
Quarterly net income attributable to Fullcast Holdings	1,081	883	122.5%
Net income per share (yen)	28.2	22.9	122.8%

✓ Earnings forecasts remain unchanged currently, as results for the first half of 2016 showed steady progress in attainment of business forecasts presented at February 12, 2016.

(Million yen)

	1H FY12/16 (Actual) (A)	FY12/16 (Business forecasts) (C)	Attainment rate for FY12/16 (A/C)
Net sales	12,014	24,650	48.7%
Gross profit	4,354	9,420	46.2%
Operating income	1,232	2,630	46.8%
Operating income ratio	10.3%	10.7%	-
Ordinary income	1,340	2,630	50.9%
Quartely net income attributable to Fullcast Holdings	1,081	2,054	52.6%
Net income per share (yen)	28.2	53.4	52.8%

Interim Dividends

- ✓ We passed a resolution during the board of directors meeting held on August 5, 2016 to pay a 10-yen-per-share dividend from retained earnings.

	Amount determined	Most recent divided forecasts (Announced on Feb.12, 2016)	Previous term results (Interim dividend for FY 2015)
Record date	Jun. 30, 2016	Jun. 30, 2016	Jun. 30, 2015
Funds available for distribution	1,181 million yen	–	–
Dividend per share	10 yen	10 yen	8 yen
Total amount of dividends	383million yen	–	308 million yen
Effective date	Sep.5, 2016	–	Sep.4, 2015
Resources for dividend	Retained earnings	–	Retained earnings

As defined by the most recent forecasts for dividends (announced on February 12, 2016), we will pay out an interim dividend (10 yen per share as part of our policy of continuing to realize 20% adjusted ROE, and we will maintain the target of a 50% total return ratio relative to adjusted net income as part of our shareholders return policy).

In order to flexibly carry out returns of profit to shareholders, at the current point in time we have the option of offering both dividends and share buybacks. We expect to pay a dividend of 10 yen per share in line with the most recent dividend forecasts.

*"Adjusted net income" represents net income excluding the effects of income taxes—deferred associated with the booking of deferred tax assets within the loss carried forward. "Adjusted net income" is used as the based for calculating the total return ratio.

*Adjusted ROE represents ROE calculated based on adjusted net income.

*"Adjusted net income" used as the basis for calculating the total return ratio in the dividend forecast will be calculated the same as "Net income attributable to Fullcast Holdings."

■ Basic Stance on Capital Policy

The Fullcast Group maintains a basic policy of maximizing capital efficiency and securing financial soundness to achieve sustained improvement in corporate value.

- ✓ **Maintaining a total return ratio of 50 % relative to adjusted net income (*1,*2) is used as an indicator to support the sustained improvement in corporate value and to maximize capital efficiency.**
- ✓ **Our goal for enhancing corporate value is to maintain an ROE of 20% or greater relative to adjusted net income.**
- ✓ **We will maintain a maximum D/E ratio of 0.5x in order to enhance corporate value and to maintain financial soundness.**

*1 "Adjusted net income" represents net income excluding the effects of income taxes—deferred associated with the booking of deferred tax assets within the loss carried forward. "Adjusted net income" is used as the based for calculating the total return ratio.

*2 Net income shown for FY12/16 and beyond is the same as "Net income attributable to Fullcast Holdings."

Providing the **best place** for people to bring out **their best.**



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DEPOSITARY RECEIPTS

ADR (American Depositary Receipts) Program:

Program Type: Sponsored Level 1

Exchange Ratio with Underlying Stock: 1ADR = 1 Underlying Stock
CUSIP Code: 35968P100

Symbol: FULCY

Depositary: The Bank of New York Mellon

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