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November 10, 2017

Consolidated Financial Results Announcement for the Aggregate Third Quarter of the Fiscal Year Ending December 2017 [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 10, 2017
 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 Aggregate Third Quarter of the Fiscal Year Ending December 2017 (January 1, 2017–September 30, 2017)

(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 FY12/17) September 30, 2017	23,534	26.3	3,245	61.8	3,225	53.0	2,209	29.1
(1Q-3Q FY12/16) September 30, 2016	18,632	13.3	2,005	26.0	2,107	41.2	1,712	65.7

(Note) Comprehensive income: As of September 30, 2017: 2,267 million yen (32.4%) As of September 30, 2016: 1,713 million yen (64.9%)

	Net income per share		Diluted net income per share	
	Yen		Yen	
(1Q-3Q FY12/17) September 30, 2017	58.16		57.98	
(1Q-3Q FY12/16) September 30, 2016	44.62		—	

(2) Consolidated financial conditions

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
(End 3Q FY12/17) September 30, 2017	15,469	10,515	65.1
FY12/16 End	13,272	9,272	69.3

(Reference) Equity: As of September 30, 2017: 10,067 million yen As of December 31, 2016: 9,200 million yen

2. Dividend status

	Dividend per share (yen)				
	End of 1Q	End of 2Q	End of 3Q	End of FY	Annual
FY12/16	—	10.00	—	11.00	21.00
FY12/17	—	12.00	—		
FY12/17 Forecast				13.00	25.00

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

**3. Consolidated Business Forecasts for the Fiscal Year Ending December 2017
(January 1, 2017–December 31, 2017)**

(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
Full year	31,300	23.5	4,000	38.8	4,020	34.0	2,727	7.8	71.83

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

*** Notes**

- (1) Important changes of subsidiaries during the current aggregate third quarter period: Yes
(Changes in specific subsidiaries involving changes in the scope of consolidation)
Added: 1 company (company name) F-PLAIN Corporation, Removed: - company
Note: F-PLAIN Corporation is no longer a specified subsidiary as of the current aggregate third quarter.
- (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: None
 - 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 FY12/17	38,486,400	FY12/16	38,486,400
3Q FY12/17	601,900	FY12/16	148,500
3Q FY12/17	37,989,643	3Q FY12/16	38,369,431

* Quarterly Financial Results are not subject to quarterly reviews.

* 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 situation, (2) damages to infrastructure arising from disasters including earthquakes, and (3) changes in the relevant laws, including the Labor Standards Act and the Worker Dispatching Act, and in interpretations of these Acts.

However, the 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 4 "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 corporate earnings and employment conditions driven by the government's economic and fiscal stimulus as well as a gradual recovery in capital investments and personal consumption, and despite the consumer price index remaining largely unchanged. Economic conditions are expected to continue to steadily improve in the future based upon the outlook for improvements in the employment conditions and income environments in response to various government stimulus policies. However, 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 are still the risk of downward pressure to the business, therefore the economic horizon is continue to be clouded.

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

Against this backdrop, the Fullcast Group implemented group management activities with the goal of "Realize increased profits through deployment of the Group's collective strength and improved productivity" during the consolidated aggregate third quarter of the fiscal year ending December 2017. In particular, marketing activities were implemented 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" services, as well as the "My Number Management" service and "Year-End Tax Adjustment Management" service (hereinafter referred to as "Management"). 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 by 26.3% year on year to 23,534 million yen. This sales growth was primarily attributed to increased sales of the "Placement" and "Management" services, which are mainstay services within the "Short-Term Operational Support Business", and the inclusion of the business performance of F-PLAIN Corporation and its subsidiaries following its conversion to a consolidated subsidiary.

In terms of profits, consolidated operating income rose by 61.8% year on year to 3,245 million yen due to higher sales.

Consolidated ordinary income increased 53.0% year on year to 3,225 million yen because of growth in operating income, and despite a year on year decline in equity accounting method profits arising from the conversion of F-PLAIN Corporation into a consolidated subsidiary.

Quarterly net income attributable to Fullcast Holdings Co., Ltd. increased 29.1% year on year to 2,209 million yen. This growth is attributed mainly to an increase in operating income and 167 million yen of gain on step acquisitions posted as extraordinary income accompanying the acquisition of the shares of F-PLAIN Corporation during the first quarter of the current fiscal year, and despite an increase in corporate, resident and business taxes accompanying the exhausting of losses carried forward in the first half and 48 million yen in extraordinary losses following the impairment of goodwill and plant, property and equipment from certain business units of F-PLAIN Corporation during the third quarter of the current fiscal year.

The Group acquired the shares of F-PLAIN Corporation on January 26, 2017 and subsequently made F-PLAIN Corporation and its subsidiaries consolidated subsidiaries. In addition our Group newly established Fullcast Senior Works Co., Ltd. as a consolidated subsidiary on November 1, 2016, in an effort to enhance the "Short-Term Operational Support Business" by cultivating new potential sources of labor through job hunting support for seniors and providing this labor to client companies. Fullcast Senior Works Co., Ltd. commenced operations from March 1, 2017. Also, Fullcast Porter Co., Ltd. was established as a consolidated subsidiary on March 7, 2017 to provide human resource services specializing in drivers for which there are remarkably needs. Fullcast Porter Co., Ltd. commenced operations on July 1, 2017.

Of the Company's consolidated subsidiaries, the account settlement date of Dimension Pockets Co., Ltd. is January 31. Consolidated financial statement was prepared based on a provisional settlement conducted on the consolidated account settlement date. Additionally, in the third quarter, F-PLAIN Corporation and its subsidiaries changed their settlement

Fullcast Holdings Co., Ltd. (4848) Financial Statement and Results for the Aggregate Third Quarter of the Term Ending December 2017 date to December 31, therefore settlement date is same as the consolidated account settlement date. Financial statements were prepared based on a provisional settlement conducted by F-PLAIN Corporation and its subsidiaries as of the consolidated settlement date, therefore, this change does not have any impact on quarterly financial statements. The final day of the business year of other consolidated subsidiaries are all match to the consolidated account settlement date.

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

A new reporting segment called “Sales Support Business” has been created accompanying the acquisition of the shares of F-PLAIN Corporation during the first quarter of fiscal year ending December 2017 and its new inclusion within the scope of consolidation, also with its subsidiaries.

1) Short-Term Operational Support Business

Net sales of the “Short-Term Operational Support Business” increased 13.1% year on year to 19,299 million yen, driven mainly by growth in the mainstay “Placement” and “Management” services as we continued to fortify our human resources supply capabilities in response to demand from client companies for short-term human resources.

In term of profits, operating income rose 44.0% year on year to 3,537 million yen due to mainly by the increase in net sales and restrained SG&A expense ratio.

2) Sales Support Business

Net sales of the “Sales Support Business” totaled 2,811 million yen as a result of continue to success of measures to expand the dealer network for the Internet service subscription business that is a main business.

In term of profits, operating income totaled 217 million yen because of goodwill amortization resulting from the acquisition of shares of F-PLAIN Corporation in this segment booked as SG&A expenses and the performance of this business is weighted toward the first half of the fiscal year of the Group.

The Sales Support Business is a new reported segment introduced from the first quarter of the fiscal year ending December 2017. Therefore, results of year-on-year changes are not available.

3) Security, Other Businesses

Net sales of the “Security, Other Businesses” segment fell 9.2% year on year to 1,424 million yen due mainly to a decline in the number of temporary security bidding projects compared to the previous year.

In terms of profits, operating income rose by 9.5% year on year to 85 million yen due to mainly by an improvement in the gross margin driven by securing temporary security projects with a high profit margin during the third quarter in the security business, which is the main business of this segment.

(2) Qualitative Information Concerning Consolidated Financial Position

1) Assets, liabilities and net assets

At the end of the third quarter, total assets increased 2,198 million yen from the end of the previous fiscal year to 15,469 million yen. Equity increased by 866 to 10,067 million yen (An equity ratio of 65.1%), and net assets increased by 1,243 to 10,515 million yen.

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

With regard to assets, current assets increased by 1,772 million yen from the end of the previous fiscal year to 12,648 million yen. This increase is attributed mainly to the decline in deferred tax assets of 162 to 170 million yen and

Fullcast Holdings Co., Ltd. (4848) Financial Statement and Results for the Aggregate Third Quarter of the Term Ending December 2017 decline in current assets-other of 105 to 371 million yen caused mainly by an increase in prepaid expenses of 57 to 184 million yen, while accounts receivable declined 155 to 109 million yen, versus the increase in cash and deposits of 1,194 to 8,157 million yen, and the increase in trade notes and accounts receivable of 822 to 3,929 million yen.

Noncurrent assets increased by 426 million yen from the end of the previous fiscal year to 2,822 million yen. This increase is mainly attributed to the increase in loan loss reserves of 87 to 93 million yen, versus the increase in goodwill of 489 million yen to 489 million yen caused by the acquisition of shares of F-PLAIN Corporation.

With regard to liabilities, current liabilities increased by 703 million yen from the end of the previous fiscal year to 4,131 million yen. This increase is attributed to the increase in accounts payable of 199 to 787 million yen, the increase in the provision for contract cancellations of 141 to 141 million yen, the increase in income tax payable of 119 to 313 million yen, the increase in reserve for bonuses of 96 to 97 million yen, and the increase in current liabilities-other of 80 to 320 million yen caused mainly by an increase in deposits receive of withholding income tax of 71 to 118 million yen.

Noncurrent liabilities increased by 252 million yen from the end of the previous fiscal year to 823 million yen. This increase is mainly attributed to the increase in long-term loans payable of 188 to 259 million yen, and the increase in others within noncurrent liabilities of 39 to 107 million yen caused mainly by an increase in deferred tax liabilities of 25 to 30 million yen resulting from affects including F-PLAIN Corporation to the scope of consolidation, and an increase in long-term deposits of 15 to 15 million yen.

(3) Qualitative Information Concerning Consolidated Business Forecasts

With regard to consolidated earnings forecasts of the fiscal year ending December 2017, the aggregate third quarter of the fiscal year reached a level where revisions to the full-year earnings forecast for the fiscal year ending December 2017 will not be needed mainly led by strength from the main “Short-Term Operational Support Business”. Therefore, no revisions have been made to the consolidated earnings forecasts (full-year) for the fiscal year ending December 2017 released on August 4, 2017.

2. Quarterly Consolidated Financial Statements and Primary Notes**(1) Quarterly Consolidated Balance Sheet**

	(Million yen)	
	FY12/16 end (December 31, 2016)	3Q FY12/17 end (September 30, 2017)
ASSETS		
Current assets		
Cash and deposits	6,963	8,157
Notes and accounts receivable-trade	3,107	3,929
Merchandise	5	22
Supplies	10	16
Deferred tax assets	332	170
Other	476	371
Allowance for doubtful accounts	(17)	(17)
Total current assets	10,875	12,648
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	346	368
Tools, furniture and fixtures, net	209	186
Land	257	257
Other, net	34	33
Total property, plant and equipment	846	844
Intangible assets		
Goodwill	-	489
Other	354	329
Total intangible assets	354	818
Investments and other assets		
Other	1,201	1,252
Allowance for doubtful accounts	(6)	(93)
Total investments and other assets	1,196	1,160
Total noncurrent assets	2,396	2,822
Total assets	13,272	15,469

	(Million yen)	
	FY12/16 end (December 31, 2016)	3Q FY12/17 end (September 30, 2017)
LIABILITIES		
Current liabilities		
Notes and accounts payable-trade	8	72
Short-term loans payable	1,008	1,000
Current portion of long-term loans payable	5	21
Accounts payable-other	589	787
Accrued expenses	799	816
Income taxes payable	194	313
Accrued consumption taxes	585	566
Provision for bonuses	1	97
Allowance for subscription cancellations	-	141
Other	239	320
Total current liabilities	3,428	4,131
Noncurrent liabilities		
Long-term loans payable	72	259
Net defined benefit liability	432	457
Other	68	107
Total noncurrent liabilities	572	823
Total liabilities	4,000	4,955
NET ASSETS		
Shareholders' equity		
Capital stock	2,780	2,780
Capital surplus	2,006	2,006
Retained earnings	4,488	5,821
Treasury stock	(100)	(598)
Total shareholders' equity	9,174	10,009
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	27	58
Total accumulated other comprehensive income	27	58
Subscription rights to shares	-	22
Non-controlling interests	71	427
Total net assets	9,272	10,515
Total liabilities and net assets	13,272	15,469

(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)

	3Q FY12/16 (From January 1, 2016 To September 30, 2016)	3Q FY12/17 (From January 1, 2017 To September 30, 2017)
Net sales	18,632	23,534
Cost of sales	11,925	14,289
Gross profit	6,707	9,245
Selling, general and administrative expenses	4,702	6,000
Operating income	2,005	3,245
Non-operating income		
Dividends income	1	1
Share of profit of entities accounted for using equity method	124	31
Insurance premiums refunded cancellations	-	60
Other	9	30
Total non-operating income	134	122
Non-operating expenses		
Interest expenses	5	6
Provision of allowance for doubtful accounts	-	91
Damage compensation expenses	2	5
Settlement package	6	10
Other	19	30
Total non-operating expenses	32	142
Ordinary income	2,107	3,225
Extraordinary income		
Gain on step acquisitions	-	167
Compensation income for expropriation	21	-
Other	2	0
Total extraordinary income	23	167
Extraordinary loss		
Loss on valuation of investment securities	-	8
Loss on retirement of noncurrent assets	7	13
Impairment losses	-	48
Other	11	-
Total extraordinary losses	18	69
Income before income taxes and minority interests	2,112	3,323
Income taxes-current	375	850
Income taxes-deferred	26	245
Total income taxes	401	1,094
Net income	1,712	2,229
Quarterly net income attributable to non-controlling interests	-	19
Quarterly net income attributable to Fullcast Holdings Co., Ltd.	1,712	2,209

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

	(Million yen)	
	3Q FY12/16 (From January 1, 2016 To September 30, 2016)	3Q FY12/17 (From January 1, 2017 To September 30, 2017)
Net income	1,712	2,229
Other comprehensive income		
Valuation difference on available-for-sale securities	1	49
Share of other comprehensive income of entities accounted for using equity method	(1)	(10)
Total other comprehensive income	1	39
Quarterly comprehensive income	1,713	2,267
(Breakdown)		
Quarterly comprehensive income attributable to Fullcast Holdings Co., Ltd.	1,713	2,241
Quarterly comprehensive income attributable to non-controlling interests	-	27

(3) Notes on Quarterly Consolidated Financial Statements

(Concerning Notes about Going Concern Assumption)

There are no relevant matters

(Concerning Significant Change of Shareholders' Equity)

There are no relevant matters

(Important Changes of Subsidiaries during the Current Aggregate Third Quarter)

F-PLAIN Corporation, whose shares were acquired by the Company, was made into a consolidated subsidiary from its previous status as an affiliate under the equity method for inclusion from the first quarter of the fiscal year ending December 2017. F-PLAIN Corporation was classified as a specified subsidiary, but due to a decline in the amount of its capital in the third quarter, F-PLAIN Corporation is no longer a specified subsidiary.

(Segment Information and Others)

Aggregate Third Quarter of the Previous 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 is 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 the 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.

Aggregate Third Quarter of the Current Fiscal Year (From January 1, 2017 to September 30, 2017)

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	Sales Support Business	Security, Other Businesses			
Net sales						
Sales to external customers	19,299	2,811	1,424	23,534	—	23,534
Inter-segment sales or transfers	0	—	—	0	(0)	—
Total	19,299	2,811	1,424	23,534	(0)	23,534
Segment income or loss (-)	3,537	217	85	3,839	(594)	3,245

Notes 1. (1) million yen in intersegment eliminations and (592) million yen in company-wide expenses not allocated to any specific reporting segment are included in the (594) 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 the assets by each reporting segment

(Significant increases in assets through the acquisition of subsidiaries)

The shares of F-PLAIN Corporation were acquired and F-PLAIN Corporation and its subsidiaries were newly included in the scope of consolidation in the first quarter of the fiscal year ending December 2017. Compared to the end of the previous accounting year, segment assets in the “Sales Support Business” segment increased by 2,647 million yen.

3. Matters relating changes to reporting segments, etc.

A new reporting segment called “Sales Support Business” has been added accompanying the acquisition of the shares of F-PLAIN Corporation during the first quarter of the fiscal year ending December 2017 and its new inclusion within the scope of consolidation, also with its subsidiaries.

4. Information relating to impairment loss of noncurrent assets, goodwill, etc. for each reported segment

(Impairment loss for non-current assets)

An impairment loss of 48 million yen was booked for the “Sales Support Business”.

(Significant change in goodwill amount)

The shares of F-PLAIN Corporation were acquired and F-PLAIN Corporation and its subsidiaries were newly included in the scope of consolidation in the first quarter of the fiscal year ending December 2017. The increase in goodwill attributed to the “Sales Support Business” was 660 million yen in the aggregate third quarter of the fiscal year ending December 2017.