



August 5, 2016

Consolidated Financial Results Announcement for the First Half 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
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 Date of submission of quarterly report (Planned): August 12, 2016
 Date of commencements of divided payments (Planned): September 5, 2016
 Preparation of supplementary references regarding financial results: Yes (Shown on our homepage)
 Briefing for quarterly results: Yes (For institutional investors and securities analysts)

(Figures are rounded to the nearest million yen)

1. Consolidated Financial Results for the First Half of the Fiscal Year Ending December 31, 2016 (January 1 – June 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	%
(1H FY12/16) June 30, 2016	12,014	14.1	1,232	24.7	1,340	44.3	1,081	69.0
(1H FY12/15) June 30, 2015	10,530	11.6	988	48.4	929	31.5	639	15.1

(Note) Comprehensive income: As of June 30, 2016: 1,078 million yen (67.2%) As of June 30, 2015: 645 million yen (16.1%)

	Net income per share		Diluted net income per share	
	Yen		Yen	
(1H FY12/16) June 30, 2016	28.16		—	
(1H FY12/15) June 30, 2015	16.62		—	

(2) Consolidated financial conditions

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
(End 1H FY12/16) June 30, 2016	11,453	8,123	70.9
FY12/15 End	11,622	7,530	64.8

(Reference) Equity: As of June 30, 2016: 8,123 million yen As of December 31, 2015: 7,530 million yen

2. Dividend status

	Dividend per share (yen)				
	1Q End	2Q End	3Q End	FY End	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 second 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 consolidated business forecasts in the second quarter under review: None

* Notes

- (1) Important changes of subsidiaries during the current first half 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

2Q FY12/16	38,486,400	FY12/15	38,486,400
2Q FY12/16	148,500	FY12/15	—
2Q FY12/16	38,385,370	2Q 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 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 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 first half of the current fiscal year, Japan's economy continued to undergo a steady recovery on the back of a improvements in capital investments and employment conditions, and despite negative factors including flat growth in personal consumption due to weak consumer mindsets and flat gains in corporate earnings, which remain at elevated levels. 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, 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.

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 current first half. 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 (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 14.1% year on year to 12,014 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 24.7% year on year to 1,232 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 44.3% year on year to 1,340 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 69.0% year on year to 1,081 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 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 mainstay short-term operational support business increased 14.5% year on year to 10,955 million yen. This increase is attributed primarily to growth in "outsourcing" services achieved by Fullcast's ability to satisfy

Fullcast Holdings Co., Ltd. (4848) Financial Statement and Results for the First Half of the Term Ending December 2016
the needs of customers and 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 24.9% year on year to 1,536 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 to daily operations.

2) Security business

Net sales increased 10.4% year on year to 1,059 million yen due primarily to continued growth in the temporary security business. At the same time, operating income for the segment increased by 23 million yen year on year to 61 million yen (Up 62.4% year on year) due to the higher sales.

(2) Qualitative Information Concerning Consolidated Financial Position

1) Assets, liabilities and net assets

At the end of the current first half, total assets decreased by 168 million yen from the end of the previous fiscal year to 11,453 million yen. Equity increased by 593 to 8,123 million yen (An equity ratio of 70.9%), and net assets increased by 593 to 8,123 million yen.

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

With regard to assets, current assets declined by 404 million yen from the end of the previous fiscal year to 9,787 million yen at the end of the first half. This decline is attributed to a mainly to a decline in cash and deposits of 369 to 6,037 million yen due to payment of year-end dividends for the fiscal year ended December 2015, acquisition of treasury stock and payment of corporate income and consumption taxes, and a drop in current assets-other of 59 to 353 million yen arising from a decline in accounts receivable-other of 65 to 165 million yen due to the refund of corporation tax claimed as a result of tax loss carryback related to the cash dividend of the previous year, which offset an increase in notes and accounts receivable of 37 to 2,949 million yen.

Noncurrent assets increased by 236 million yen from the end of the previous fiscal year to 1,666 million yen. This increase is attributed to a 240 million yen rise in other investments and assets to 966 million yen arising from an increase in investment securities associated with the acquisition of Beat Co., Ltd. from 241 to 592 million yen, which offset a decline in tools, instruments, and fixtures of 25 to 234 million yen.

With regard to liabilities, current liabilities declined by 741 million yen from the end of the previous fiscal year to 2,870 million yen. This decline is attributed mainly to a fall in accounts payable-other of 38 to 568 million yen, accrued expenses of 77 to 661 million yen, income taxes payable of 358 to 146 million yen, accrued consumption taxes of 278 to 305 million yen and other current liabilities-other of 39 to 135 million yen due primarily to a decline in social insurance premium deposits of 101 to 19 million yen, despite increases in withholding income tax deposits of 57 to 74 million yen, which offset an increase in notes and accounts payable of 50 to 55 million yen.

Noncurrent liabilities decreased by 20 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 16 to 406 million yen.

2) Cash flows

Outstanding cash and cash equivalents (hereinafter referred to as “funds”) decreased by 369 million yen from the end of the previous fiscal year to 6,037 million yen at the end of the current first half.

(Net cash from operating activities)

Funds provided by operating activities were 384 million yen (Compared with 31 million yen used in the previous first half) due to income before income taxes and minority interests of 1,335 million yen, depreciation and amortization of 130 million yen, income taxes refund of 198 million yen, income taxes paid of 705 million yen, a decrease in accrued consumption taxes of 278 million yen, share of profit of entities accounted for using equity method of 124 million yen, a decrease in accrued expenses of 77 million yen, and a decrease of other (net) in net cash provided by operating activities of 57 million yen.

(Net cash from investing activities)

Funds used in investing activities were 268 million yen (Compared with 105 million yen used in the previous first half) due mainly to the purchases of property, plant and equipment and intangible assets of 43 and 104 million yen respectively, and expenditures from purchases of investment securities of 122 million yen were recorded.

(Net cash from financing activities)

Funds used in financing activities were 484 million yen (compared with 613 million yen used in during the previous first half) due to cash dividend payment of 384 million yen and acquisition of treasury stock of 100 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 first half remained in line with our plans overall, led by the 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)

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 the declining balance method to the straight line method. The impact of this change on consolidated first half profit and loss is minimal.

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

	(Million yen)	
	FY12/15 end (December 31, 2015)	2Q FY12/16 end (June 30, 2016)
ASSETS		
Current assets		
Cash and deposits	6,406	6,037
Notes and accounts receivable-trade	2,912	2,949
Merchandise	5	25
Supplies	13	14
Deferred tax assets	463	424
Other	412	353
Allowance for doubtful accounts	(19)	(15)
Total current assets	10,191	9,787
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	107	108
Tools, furniture and fixtures, net	260	234
Other, net	10	6
Total property, plant and equipment	377	348
Intangible assets		
Other	359	371
Total intangible assets	359	371
Investments and other assets		
Other	728	966
Allowance for doubtful accounts	(33)	(19)
Total investments and other assets	695	947
Total noncurrent assets	1,431	1,666
Total assets	11,622	11,453

(Million yen)

	FY12/15 end (December 31, 2015)	2Q FY12/16 end (June 30, 2016)
<u>LIABILITIES</u>		
Current liabilities		
Notes and accounts payable-trade	5	55
Short-term loans payable	1,000	1,000
Accounts payable-other	607	568
Accrued expenses	738	661
Income taxes payable	505	146
Accrued consumption taxes	583	305
Other	174	135
Total current liabilities	3,611	2,870
Noncurrent liabilities		
Net defined benefit liability	422	406
Other	59	53
Total noncurrent liabilities	482	460
Total liabilities	4,093	3,330
<u>NET ASSETS</u>		
Shareholders' equity		
Capital stock	2,780	2,780
Capital surplus	2,006	2,006
Retained earnings	2,727	3,423
Treasury stock	—	(100)
Total shareholders' equity	7,513	8,109
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	17	14
Total accumulated other comprehensive income	17	14
Total net assets	7,530	8,123
Total liabilities and net assets	11,622	11,453

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

	(Million yen)	
	1H FY12/15 (From January 1, 2015 To June 30, 2015)	1H FY12/16 (From January 1, 2016 To June 30, 2016)
Net sales	10,530	12,014
Cost of sales	6,701	7,660
Gross profit	3,829	4,354
Selling, general and administrative expenses	2,841	3,122
Operating income	988	1,232
Non-operating income		
Dividends income	1	1
Share of profit of entities accounted for using equity method	—	124
Reversal of accounts payable	1	0
Other	6	5
Total non-operating income	7	130
Non-operating expenses		
Interest expenses	4	4
Damage compensation expenses	2	1
Settlement package	2	4
Share of loss of entities accounted for using equity method	52	—
Other	7	14
Total non-operating expenses	66	23
Ordinary income	929	1,340
Extraordinary income		
Gain on sales of investment securities	47	—
Other	0	0
Total extraordinary income	47	0
Extraordinary loss		
Other	0	5
Total extraordinary losses	0	5
Income before income taxes and minority interests	975	1,335
Income taxes-current	291	218
Income taxes-deferred	45	35
Total income taxes	336	254
Net income	639	1,081
Quarterly net income attributable to non-controlling interests	—	—
Quarterly net income attributable to Fullcast Holdings Co., Ltd.	639	1,081

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

	(Million yen)	
	1H FY12/15 (From January 1, 2015 To June 30, 2015)	1H FY12/16 (From January 1, 2016 To June 30, 2016)
Net income	639	1,081
Other comprehensive income		
Valuation difference on available-for-sale securities	5	(2)
Share of other comprehensive income of entities accounted for using equity method	—	(1)
Total other comprehensive income	5	(3)
Comprehensive income	645	1,078
Comprehensive income attributable to		
Quarterly comprehensive income attributable to Fullcast Holdings Co., Ltd.	645	1,078
Quarterly comprehensive income attributable to non-controlling interests	—	—

(3) Consolidated Cash Flows Statement

(Million yen)

	1H FY12/15 (From January 1, 2015 to June 30, 2015)	1H FY12/16 (From January 1, 2016 to June 30, 2016)
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	975	1,335
Depreciation and amortization	95	130
Loss (gain) on sales of investment securities	(47)	—
Share of (profit) loss of entities accounted for using equity method	52	(124)
Increase (decrease) in allowance for doubtful accounts	(1)	(18)
Increase (decrease) in provision for bonuses	(0)	(0)
Increase (decrease) in net defined benefit liability	13	(16)
Interest and dividends income	(1)	(1)
Interest expenses	4	4
Decrease (increase) in notes and accounts receivable – trade	107	(23)
Decrease (increase) in inventories	(11)	(21)
Increase (decrease) in notes and accounts payable-trade	4	43
Decrease (increase) in accounts receivable-other	(7)	(4)
Increase (decrease) in accrued expenses	(36)	(77)
Increase (decrease) in accrued consumption taxes	(394)	(278)
Other, net	(152)	(57)
Subtotal	600	892
Interest and dividends income received	1	1
Interest expenses paid	(4)	(3)
Income taxes paid	(629)	(705)
Income taxes refund	0	198
Net cash provided by (used in) operating activities	(31)	384
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	(109)	(43)
Purchase of intangible assets	(62)	(104)
Purchase of investment securities	—	(122)
Proceeds from sales of investment securities	67	—
Other, net	(0)	0
Net cash provided by (used in) investing activities	(105)	(268)
Net cash provided by (used in) financing activities		
Expenditures from the acquisition of treasury stock	—	(100)
Cash dividends paid	(613)	(384)
Net cash provided by (used in) financing activities	(613)	(484)
Net increase (decrease) in cash and cash equivalents	(749)	(369)
Cash and cash equivalents at beginning of period	6,284	6,406
Cash and cash equivalents at end of period	5,535	6,037

(4) 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 Half of the Previous Fiscal Year (From January 1, 2015 to June 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 business			
Net sales					
Sales to external customers	9,570	959	10,530	—	10,530
Inter-segment sales or transfers	—	—	—	—	—
Total	9,570	959	10,530	—	10,530
Segment income or loss (-)	1,229	37	1,267	(279)	988

Notes 1. 1 million yen in intersegment eliminations and -280 million yen in company-wide expenses not allocated to any specific reporting segment are included in the -279 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 Half of the Current Fiscal Year (From January 1, 2016 to June 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 business			
Net sales					
Sales to external customers	10,955	1,059	12,014	—	12,014
Inter-segment sales or transfers	0	0	0	(0)	—
Total	10,955	1,060	12,015	(0)	12,014
Segment income or loss (-)	1,536	61	1,596	(365)	1,232

Notes 1. 0 million yen in intersegment eliminations and -365 million yen in company-wide expenses not allocated to any specific reporting segment are included in the -365 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.