

Consolidated Financial Results Announcement for the First Quarter of the Fiscal Year Ending December 2014 [Japanese Standards] (Consolidated)

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 Stock exchange listing: First Section of the Tokyo Stock Exchange
 Stock code: 4848
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 Date of submission of quarterly report (Planned): May 14, 2014
 Date of commencements of divided payments (Planned): -
 Preparation of supplementary references regarding financial results: Yes (Shown on our homepage)
 Briefing for quarterly results: No

(Figures are rounded to the nearest million yen)

1. Consolidated Financial Results for the First Quarter of the Fiscal Year Ending December 31, 2014 (January 1, 2014 – March 31, 2014)

(1) Consolidated business results

(% = year-over-year change)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
(1Q FY12/14) March 31, 2014	4,582	14.3	249	—	255	—	230	425.3
(1Q FY12/13) March 31, 2013	4,010	—	-41	—	-16	—	44	—

(Note) 1. Comprehensive income:

As of March 31, 2014: 229 million yen (218.3%) As of March 31, 2013: 72 million yen (—%)

2. Because the fiscal year end has been changed (from September 30 to December 31), the fiscal year ended December 31, 2012 was an irregular period covering 15 months from October 1, 2011 to December 31, 2012. Therefore, comparisons to the same quarter in the previous year are not shown for the fiscal year ended December 31, 2013.

	Net income per share		Diluted net income per share	
	Yen		Yen	
(1Q FY12/14) March 31, 2014	5.97		—	
(1Q FY12/13) March 31, 2013	1.14		—	

(Note) The Company split common shares at a ratio of 100 to one share on July 1, 2013. For the purpose of calculating net income per share, it is assumed that the stock split was performed at the beginning of the fiscal year ended December 31, 2013.

(2) Consolidated financial conditions

	Total assets		Net assets		Equity ratio	
	Million yen		Million yen		%	
(End 1Q FY12/14) March 31, 2014	8,575		5,574		65.0	
(End FY12/13) December 31, 2013	8,605		5,884		68.4	

(Reference) Equity: As of March 31, 2014: 5,574 million yen As of December 31, 2013: 5,884 million yen

2. Dividend Status

	Dividend per share (yen)				
	End of 1Q	End of 2Q	End of 3Q	End of FY	Annual
(FY12/13) Fiscal year ended December 2013	—	0.00	—	14.00	14.00
(FY12/14) Fiscal year ending December 2014	—				
(FY12/14) Fiscal year ending December 2014 (forecast)		—	—	—	—

(Note) 1. Revision of the expected dividends in the first quarter under review: None

2. The forecast amount of the dividend for the fiscal year ending in December 2014 has yet to be determined.

3. Consolidated Business Forecasts for the Fiscal Year Ending December 31, 2014 (January 1, 2014 – December 31, 2014)

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

	Operating income	
	Million yen	%
First half	389-461	—
Full year	705-851	108.7-151.7

(Note) 1. Revision of consolidated business forecasts in the first quarter under review: Yes

2. For the revisions to the consolidated business forecasts, please refer to the "Notice of the Revision to Business Forecasts for the First Half of the Fiscal Year Ending December 2014" published on May 9, 2014.

* Notes

(1) Important changes of subsidiaries during the current first quarter: None

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

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

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

1) Changes in accounting policies associated with the revision of accounting principles, 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)

1Q FY12/14	386,486,400	FY12/13	38,486,400
2) Number of treasury stock at the term end	—	FY12/13	—
3) Average number of shares outstanding during the term under review	38,486,400	1Q FY12/13	38,486,400

2) Number of treasury stock at the term end

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

(Note) The Company split common shares at a ratio of 100 to one share on July 1, 2013. For the purpose of calculating the number of shares above, it is assumed that the stock split was done at the beginning of the fiscal year ended December 31, 2013.

* Presentation concerning implementation status of quarterly review procedures

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

* Explanation of the proper use of business forecasts and other important notes

Of all plans, business forecasts, strategies and other information provided within this document, which are not historical facts, are future outlooks based upon certain conditions and our management's judgements 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 our actual financial results may vary widely from our forecasts due to various factors. Important factors that may have an impact upon our actual financial results include: (1) the economic and the financial conditions surrounding our Company and changes in the employment situation, (2) damage to infrastructure arising from disasters, including earthquakes, and (3) changes in the relevant laws, including the Labor Standards Act and the Worker Dispatch Act, and in interpretations of these Acts. However, the factors that affect our financial results may not be limited to only these. Furthermore, please note that we may choose not to reexamine our business

forecasts in response to new data, future events or other factors. For assumptions underlying our business forecasts and related issues, please refer to Page 3 “1-(3) Qualitative Information Concerning Consolidated Business Forecasts” of the “Appendix.”

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1. Qualitative Information Concerning Performance for the Current Quarter

(1) Qualitative Information Concerning Consolidated Operating Results

During the first quarter under review, the Japanese economy gradually recovered, due in part to an increase in private consumption on the back of a surge in demand before the hike in the consumption tax, combined with improvements in corporate earnings, recovery in capital investments, and steady improvements in the employment situation. Going forward, the economy is expected to continue to recover as household incomes and investments increase, while exports recover and the effects of various policy measures continue to support the economy. Nevertheless, clouds of uncertainty remain on the economic horizon due to various risks arising from overseas that may arise from suppressed economic activities, and a decline in consumption in Japan expected to result from the rush buy ahead of the hike in the consumption tax.

With regard to the operating environment surrounding human resource services, the employment situation continued to steadily improve and was reflected by improvements in various indicators including declining unemployment rates as well as a gradual rise in the job offers-to-applicants ratio due to increases in new job offers. In the future, the employment situation is expected to continue to improve along with the economic recovery.

Against this backdrop, the Fullcast Group achieved its goal of “establishing a solid business foundation” for new “part-time worker placement” and “part-time worker payroll management” services in the short-term operational support business in fiscal year ended December 2013. In the first quarter under review, we endeavored to generate higher earnings by implementing group management with a goal of “further expansion of new services.”

We recorded net sales of 4,582 million yen (Up 14.3% year on year), mainly because our new services in the short-term operational support business, including “part-time worker placement” and “part-time worker payroll management” services, expanded steadily in continuation of the favorable trend seen during the previous fiscal year.

In terms of profits, we recorded consolidated operating income of 249 million yen (Compared with a loss of 41 million yen in the same period of the previous year) in the first quarter and effectively achieved our operating income forecast for the first half made at the start of the year. At the same time, we recorded consolidated ordinary income of 255 million yen (Compared with a loss of 16 million yen in the same period of the previous year) due to a year-on-year increase in revenue led by short-term operational support business, as well as our continued efforts to improve operational efficiency in our operational support business, which led to a 2.4% year-on-year decline in the ratio of selling, general and administrative expenses to sales, allowing profits to increase.

During the first quarter, net income rose by 425.3% from the same period of the previous year to 230 million yen, due to the higher revenues, compared with net income of 44 million yen in the same quarter of the previous fiscal year due to the extraordinary income of 58 million yen arising from a gain on sales of investment securities from the transfer of shares of FPLAIN CO., LTD., an equity accounting method held affiliate.

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

1) Short-term operational support business

We recorded net sales of 4,123 million yen (up 15.6% year-on-year) during the first quarter, due to a steady expansion of new “part-time worker placement” and “part-time worker payroll management” services, for the same reasons as the consolidated accounts.

Regarding profits, we recorded operating income of 412 million yen (up 381.7% year on year), due to an increase in

revenue due to the expansion of new services as well as our continued efforts to improve operational efficiency, which led to a 3.1% year-on-year reduction in the ratio of selling, general and administrative expenses to sales, which in turn also contributed to the increase in profits.

2) Security business

Net sales rose by 3.4% year-on-year to 459 million yen due mainly to an increase in orders placed by major customers. At the same time, operating income declined by 1 million yen from the same quarter of the previous fiscal year to 21 million yen (down 6.5% year-on-year), mainly due to a decrease in gross income margin arising from lower profitability of major projects.

(2) Qualitative Information Concerning Consolidated Financial Position

Assets, liabilities and net assets

At the end of this first quarter, total assets decreased by 30 million yen from the end of the previous fiscal year to 8,575 million yen. Equity decreased by 310 million yen to 5,574 million yen (Equity ratio of 65.0%), and net assets dropped by 310 million yen to 5,574 million yen.

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

With regard to assets, current assets decreased by 14 million yen from the end of the previous fiscal year to 7,326 million yen. This was mainly due to an increase in notes and accounts receivable-trade of 210 million yen to 2,436 million yen due to the seasonally busy month of March, increases in merchandise of 26 million yen to 29 million yen, and increases other current assets of 96 million yen to 470 million yen mainly due to rises in prepaid expenses of 38 million yen to 131 million yen, advance payments-trade of 24 million yen to 25 million yen, and short-term deferred tax assets of 21 million yen to 37 million yen. At the same time, cash and deposits decreased by 360 million yen to 4,403 million yen due to the payment of year-end dividends for the previous fiscal year ended December 2013.

Noncurrent assets decreased by 16 million yen from the end of the previous fiscal year to 1,249 million yen. This is mainly attributed to decreases in tools, furniture, and fixtures (net) of 8 million yen to 102 million yen, and buildings and structures (net) of 6 million yen to 114 million yen.

With regard to liabilities, current liabilities increased by 275 million yen from the end of the previous fiscal year to 2,625 million yen. This was due mainly to increases in accounts payable-other of 207 million yen to 768 million yen, and provision for bonuses of 59 million yen to 60 million yen.

Noncurrent liabilities increased by 5 million yen from the end of the previous fiscal year to 375 million yen, mainly due to an increase in provisions for retirement benefits of 5 million yen to 319 million yen.

(3) Qualitative Information Concerning Consolidated Business Forecasts

As described in the “Notice of the Revision to Business Forecasts for the First Half of Fiscal Year Ending December 2014” published on May 9, 2014, in the first quarter under review we were able to achieve our business forecasts for the first half of fiscal year ending December 2014 (consolidated operating income of 159-220 million yen) published on February 14, 2014 due to the favorable performance of our “part-time worker placement” and “part-time worker payroll

management” services. Consequently, we made an upward revision to our consolidated operating income forecast for the first half of the fiscal year to a range of 389-461 million yen.

While our business forecast for the first half has been revised upwards, we maintain our initial forecasts for the full fiscal year because of the initial business forecasts sees the second half more favorably than the first, and the various uncertainties that continue to cloud the economic horizon.

2. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheet

	(Million yen)	
	FY12/13 end (December 31, 2013)	1Q FY12/14 end (March 31, 2014)
ASSETS		
Current assets		
Cash and deposits	4,763	4,403
Notes and accounts receivable-trade	2,226	2,436
Merchandise	3	29
Supplies	17	21
Other	374	470
Allowance for doubtful accounts	-43	-33
Total current assets	7,340	7,326
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	120	114
Tools, furniture and fixtures, net	110	102
Other, net	1	3
Total property, plant and equipment	231	220
Intangible assets		
Other	329	327
Total intangible assets	329	327
Investments and other assets		
Other	746	742
Allowance for doubtful accounts	-41	-40
Total investments and other assets	705	702
Total noncurrent assets	1,265	1,249
Total assets	8,605	8,575

(Million yen)

	FY12/13 end (December 31, 2013)	1Q FY12/14 end (March 31, 2014)
<u>LIABILITIES</u>		
Current liabilities		
Notes and accounts payable-trade	6	48
Short-term loans payable	1,000	1,000
Accounts payable-other	561	768
Accrued expenses	543	535
Income taxes payable	82	36
Provision for bonuses	1	60
Other	158	178
Total current liabilities	2,351	2,625
Noncurrent liabilities		
Provision for retirement benefits	314	319
Other	56	56
Total noncurrent liabilities	370	375
Total liabilities	2,721	3,000
<u>NET ASSETS</u>		
Shareholders' equity		
Capital stock	2,780	2,780
Capital surplus	2,006	2,006
Retained earnings	1,089	780
Total shareholders' equity	5,875	5,566
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	9	8
Total accumulated other comprehensive income	9	8
Total net assets	5,884	5,574
Total liabilities and net assets	8,605	8,575

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

	(Million yen)	
	1Q FY12/13 (From January 1, 2013 To March 31, 2013)	1Q FY12/14 (From January 1, 2014 To March 31, 2014)
Net sales	4,010	4,582
Cost of sales	2,777	2,987
Gross profit	1,233	1,595
Selling, general and administrative expenses	1,274	1,346
Operating income or loss (-)	-41	249
Non-operating income		
Share of profit of entities accounted for using equity method	8	9
Reversal of accounts payable	8	3
Other	14	4
Total non-operating income	31	16
Non-operating expenses		
Interest expenses	2	2
Provision of allowance for doubtful accounts	-1	—
Damage compensation expenses	1	1
Settlement package	—	6
Other	3	2
Total non-operating expenses	5	11
Ordinary income or loss (-)	-16	255
Extraordinary income		
Gain on sales of investment securities	58	—
Other	0	0
Total extraordinary income	58	0
Extraordinary loss		
Loss on sales of investment securities	1	—
Other	0	0
Total extraordinary losses	1	0
Income before income taxes and minority interests	40	254
Income taxes-current	18	34
Income taxes-deferred	-21	-10
Total income taxes	-3	25
Income before minority interests	44	230
Net income	44	230

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

	(Million yen)	
	IQ FY12/13 (From January 1, 2013 To March 31, 2013)	IQ FY12/14 (From January 1, 2014 To March 31, 2014)
Income before minority interests	44	230
Other comprehensive income		
Valuation difference on available-for-sale securities	5	1
Share of other comprehensive income of associates accounted for using equity method	24	-1
Total other comprehensive income	28	-1
Comprehensive income	72	229
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	72	229
Comprehensive income attributable to minority interests	—	—

(3) Notes on Quarterly Consolidated Financial Statements

(Concerning Notes About Going Concern Assumption)

Not applicable.

(Concerning Significant Change of Shareholders' Equity)

Not applicable.

(Segment Information and Others)

First Quarter of the Previous Fiscal Year

(From January 1, 2013 to March 31, 2013)

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	3,566	444	4,010	—	4,010
Inter-segment sales or transfers	1	—	1	-1	—
Total	3,567	444	4,010	-1	4,010
Segment income or loss (-)	86	22	108	-149	-41

(Notes) 1. 1 million yen in intersegment eliminations and -149 million yen in company-wide expenses not allocated to any reporting segment are included in the -149 million yen segment income adjustment amount. Company-wide expenses are mainly general administrative expenses that do not belong to any reporting segment.

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

First Quarter of the Current Fiscal Year

(From January 1, 2014 to March 31, 2014)

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

(Million yen)

	Reporting Segment		Total	Adjustment amount *1	Quarterly consolidated profit and loss statement amount*2
	Short-term operational support business	Security business			
Net sales					
Sales to external customers	4,123	459	4,582	—	4,582
Inter-segment sales or transfers	0	—	0	-0	—
Total	4,124	459	4,582	-0	4,582
Segment income or loss (-)	412	21	433	-184	249

(Notes) 1. 0 million yen in intersegment eliminations and -184 million yen in company-wide expenses not allocated to any reporting segment are included in the -184 million yen segment income adjustment amount. Company-wide expenses are mainly general administrative expenses that do not belong to any reporting segment.

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