February 14, 2014

Consolidated Financial Results Announcement for the Fiscal Year Ended December 31, 2013
[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
Representative: Kazuki Sakamaki, President, Representative Director and CEO
Contact: Yasuomi Tomotake, General Manager of the Accounting and Finance Department
Telephone: +81-3-4530-4830
Date of Annual General Meeting of Shareholders (Planned): March 28, 2014
Date of submission of annual securities report (Planned): March 28, 2014
Date of dividend payments (Planned): March 14, 2014
Preparation of supplementary references regarding financial results: Yes (shown on our homepage)
Briefing for financial results: Yes (For institutional investors and security analysts)

1. Consolidated Financial Results for the Fiscal Year Ended December 31, 2013

(January 1, 2013 to December 31, 2013)

(Figures are rounded to the nearest one million yen.)
(Figures in percentages denote the year-on-year change)

(1) Consolidated business results

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY12/13	17,462	—	338	—	578	—	480	—
FY 12/12	36,896	—	1,779	—	1,772	—	1,427	—

Note: 1. Comprehensive income
FY12/13: 482 million yen (– %) FY12/12: 1,471 million yen (– %)
2. Because the fiscal year end has been changed from September 30 to December 31, the fiscal year ended December 31, 2012 covers 15 months from October 1, 2011 to December 31, 2012. Therefore, comparisons to the previous year are not shown for the fiscal year ended December 2013.

	Net income per share	Diluted net income per share	ROE	Ratio of ordinary income to total capital	Ratio of operating income to sales
	Yen	Yen	%	%	%
FY12/13	12.48	—	8.5	6.9	1.9
FY12/12	37.08	—	30.6	20.9	4.8

Reference: Investment profit and loss on equity method
FY12/13: 227 million yen FY12/12: -62 million yen
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 done at the beginning of the fiscal year ended December 31, 2012.

(2) Consolidated financial conditions

	Total assets	Net assets	Equity ratio	Equity per share
	Million yen	Million yen	%	Yen
FY12/13 End	8,605	5,884	68.4	152.88
FY12/12 End	8,236	5,402	65.6	140.37

Reference: Shareholders' equity
FY12/13: 5,884 million yen FY12/12: 5,402 million yen
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 done at the beginning of the fiscal year ended December 31, 2012.

(3) Consolidated cash flow

	Net cash provided by (used in)			Cash and cash equivalents at the end of period
	Operating activities	Investing activities	Financing activities	
	Million yen	Million yen	Million yen	Million yen
FY12/13	509	101	—	4,763
FY12/12	2,475	-189	-1,461	4,152

2. Dividend Status

	Dividend per share (yen)						Total dividend (annual) (million yen)	Payout ratio (consolidated) (%)	Dividend on equity ratio (consolidated) (%)
	End of Q1	End of Q2	End of Q3	End of Q4	End of FY	Annual			
FY12/13	—	—	0.00	—	0.00	0.00	—	—	—
FY12/12	—	0.00	—	—	14.00	14.00	539	112.2	9.5
FY12/14 forecast	—	—	—	—	—	—		—	

Note 1: From the fiscal year ended December 31, 2012, the Company changed its accounting period to end on December 31 of every year from September 30 of every year. Therefore the transitional term ending December 31, 2012 was an irregular period of 15 months.
Note 2: The forecast amount of the dividend for the fiscal year ending in December 2014 has yet to be determined. For matters relating to our dividends, please refer to "(3) Fundamental Policy for Allocation of Earnings and Dividends for the Fiscal Year under Review and the Next Fiscal Year" of "1. Results of Operations" in the "Appendix" on page 5.

3. Consolidated Business Forecasts for the Fiscal Year Ending December 31, 2014

(January 1, 2014 – December 31, 2014)

Figures in percent represent year over year changes.

	Operating income	
	Million yen	%
First Half	159 ~ 220	—
Full year	705 ~ 851	108.7 ~ 151.7

* Notes

(1) Important changes of subsidiaries during the fiscal year
(Changes in specific subsidiaries involving changes in the scope of consolidation): None

(2) Changes in accounting principles, accounting estimates, and re-presentation of changes
1) Changes in accounting policy associated with the revision of accounting principles, others: None
2) Change in accounting policy other than mentioned in 1) above: None
3) Changes in accounting estimates: None
4) Re-presentation of changes: None

(3) Number of shares issued (common stock)

1) Number of shares issued at term end (including treasury stock)	FY12/13	38,486,400	FY12/12	39,596,400
2) Number of treasury stock at the term end	FY12/13	—	FY12/12	1,110,000
3) Average number of shares outstanding during the term under review	FY12/13	38,486,400	FY12/12	38,486,400

Note 1: 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, 2012.
Note 2: Please refer to "Per share information" on page 30 for information regarding the number of shares used as a basis for calculating the net income (consolidated) per share.

Reference: Non-Consolidated Financial Results

1. Financial Results for the Fiscal Year Ended December 31, 2013
(January 1, 2013 – December 31, 2013)

(1) Business results (Figures in percentages denote the year-on-year change)

	Operating revenue		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY12/13	3,253	—	1,374	—	1,375	—	1,350	—
FY12/12	2,849	—	1,185	—	1,201	—	1,192	—

Note: Because the fiscal year end has been changed from September 30 to December 31, the fiscal year ended December 31, 2012 covers 15 months from October 1, 2011 to December 31, 2012. Therefore, comparisons to the previous year are not shown for the fiscal year ended December 2013.

	Net income per share	Diluted net income per share
	Yen	Yen
FY12/13	35.09	—
FY12/12	30.98	—

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 done at the beginning of the fiscal year ended December 31, 2012.

(2) Financial conditions

	Total assets	Net assets	shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
FY12/13 End	5,124	3,900	76.1	101.33
FY12/12 End	3,936	2,549	64.8	66.22

Reference: Shareholders' equity
FY12/13: 3,900 million yen FY12/12: 2,549 million yen

Note: The Company split common shares at a ratio of 100 to one share on July 1, 2013. For the purpose of calculating net assets per share, it is assumed that the stock split was done at the beginning of the fiscal year ended December 31, 2012.

* Presentation concerning implementation status of 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 financial 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 judgement 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) 2) Outlook for the December 2014 Fiscal Year" of the "Appendix".

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1. Results of Operations

(1) Analysis of Operating Results

1) Results of Operations for the Period

During the fiscal year under review, the Japanese economy underwent a gradual recovery, with improvements in corporate earnings and increases in equity prices resulting from economic stimulus measures implemented by the new administration, in addition to the trend of a weaker yen after the change of administration. Going forward, the economic recovery is expected to grow stronger on the back of increases in household income and improvements in investments, along with the effects of the government policies and a recovery in exports. At the same time, clouds of uncertainty remain on the economic horizon due to concerns over the potential for weaker consumption arising from the impending increase in the consumption tax, fiscal problems in Europe, and the outlook for potential weakening in the United States economy due to a tightening of the easy monetary policies. With regards to the environment for human resource services, unemployment on the whole is gradually declining due to the economic recovery. Improvements in other areas are also beginning to be seen, such as increases in the job-offers-to-applicants ratio as new job offers increased. With the economic recovery becoming more pronounced, the employment environment is expected to continue to recover.

Against this backdrop during the current fiscal year, Fullcast Holdings Co., Ltd. implemented group management strategies to fortify its business foundations for its new services including the part-time worker placement and part-time worker payroll management services, which were launched along with the implementation of the Revised Worker Dispatching Act on October 1, 2012.

We recorded net sales of 17,462 million yen despite slower than expected progress in the short-term operational support business.

In terms of profits, the margin of profits continued to improve since the launch of our new services and we recorded consolidated operating income of 338 million yen due to improvements in efficiencies through systematization and other initiatives to review operations, reductions in recruiting costs due to more effective recruiting, and increases in operational efficiency. At the same time, we recorded ordinary income of 578 million yen, mainly due to 227 million yen in share of profit of entities accounted for using equity method as non-operating income and the impact of sales of investment securities of FPLAIN CO., LTD. (formerly Fullcast Marketing Co., Ltd.), an equity accounting method held affiliate. We were able to record net income of 480 million yen during the fiscal year under review due to a 90 million yen gain on sales of investment securities from the transfer of shares of FPLAIN CO., LTD. (formerly Fullcast Marketing Co., Ltd.), 69 million yen gain arising from changes in equity of an equity accounting method held affiliate contributing to an increase in capital booked as extraordinary income, 81 million yen booked as extraordinary loss arising from impairment of noncurrent assets and the goodwill of our subsidiary Otetsudai Networks Inc. at the time of its acquisition during the second quarter, and 92 million yen and 80 million yen booked as current and deferred income tax, respectively.

We changed our fiscal year end from September 30 to December 31 during the previous fiscal year. Therefore, we do not provide year-over-year comparisons for the year under review, as the fiscal year ended December 2013 covers different months (January to December 2013) than those (October 2011 to December 2012) in the fiscal year ended December 2012.

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

a) Short-term operational support business

We recorded net sales of 15,665 million yen due in part to slower than expected progress in the realization of our plans. At the same time, we were able to record operating income of 834 million yen due to improvements in efficiencies through systematization and other initiatives to review operations, reductions in recruiting costs arising from greater efficiency in recruiting, and increases in operational efficiency.

b) Security business

We recorded net sales of 1,797 million yen, as we have been unable to acquire new manned long-term security business as called for by our plans, and have also been unable to acquire temporary security business orders as expected since the third quarter. In terms of profits, we recorded operating income of 101 million yen as the decrease in sales could not be completely offset by our efforts throughout the fiscal year to restrain selling, general and administrative expenses.

2) Outlook for the Coming Fiscal Year

With the implementation of the Revised Worker Dispatching Act on October 1, 2012, we transitioned our operations from short-term dispatching business to new services, including the “part-time employment placement” and “part-time worker payroll management services,” in the “short-term operational support business,” which is the main business of our Group. We will endeavor to increase our earnings with the shift in our main management focus from the “establishment of a solid business foundation for new services” to “further expansion of new services.”

Regarding disclosure methods for our full year business forecasts for the fiscal year ending in December 31, 2014, we have chosen to disclose a potential range for operating income because it is difficult to accurately assess our future earnings given that only one year has passed since the launch our new services and the subsequent potential for volatility in these services.

Forecast for Consolidated Financial Results for the Fiscal Year Ending December 31, 2014

(January 1, 2014 – December 31, 2014)

(Million yen)

	FY12/13 Result	FY12/14 Forecast	YY Comparison
Operating income	338	705 ~ 851	108.7 ~ 151.7%

(2) Analysis of Financial Position

1) Assets, liabilities and net assets

At the end of the current fiscal year, our total consolidated assets increased by 369 million yen from the end of the previous fiscal year to 8,605 million yen. At the same time, shareholders' equity increased by 482 to 5,884 million yen (Shareholders' equity ratio of 68.4%) and net assets rose by 482 to 5,884 million yen.

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

With regard to assets, current assets increased by 409 million yen from the end of the previous fiscal year to 7,340 million yen at the end of the current term. This was mainly due to an increase in cash and deposits of 611 to 4,763 million yen, a decrease in the current portion of long-term loans receivable of 120 million yen to 0 yen, and a decrease in short-term deferred tax assets of 99 to 16 million yen.

Noncurrent assets decreased by 41 million yen from the end of the previous fiscal year to 1,265 million yen. This was due mainly to an increase in investment securities and software of 231 to 425 million yen and 62 to 306 million yen respectively. At the same time, declines in buildings and structures (net) of 24 to 120 million yen, tools, furniture, and fixtures (net) of 44 to 110 million yen, long-term loans receivables to related companies of 75 million yen to 0 yen, and other intangible assets of 172 to 23 million yen mainly due to decreases in goodwill of 49 million yen to 0 yen and software in progress of 171 million yen to 0 yen were also recorded.

With regard to liabilities, current liabilities declined by 177 million yen from the end of the previous fiscal year to 2,351 million yen at the end of the current fiscal year. This was due mainly to a decrease in accounts payable-other by 255 to 561 million yen. At the same time, accrued income taxes increased by 66 to 82 million yen.

Noncurrent liabilities increased by 64 million yen from the end of the previous fiscal year to 370 million yen. This was due mainly to a 62 million yen increase in provisions for retirement benefits to 314 million yen.

2) Cash flows

At the end of the current fiscal year, cash and cash equivalents (hereafter referred to as “funds") increased by 611 million yen from the end of the previous fiscal year to 4,763 million yen at the end of the current fiscal year.

(Net cash from operating activities)

Funds provided by operating activities were 509 million yen, due mainly to income before income taxes and minority interests of 652 million yen, depreciation and amortization of 197 million yen, income tax refund of 140 million yen, and impairment loss of 81 million yen, with income taxes paid of 272 million yen, share of profit of entities accounted for using equity method of 227 million yen, and gain on sales of investment securities of 88 million yen.

(Net cash from investing activities)

Funds provided by investing activities were 101 million yen, due mainly to collection of loans receivable of 195 million yen and proceeds from sales of investment securities of 158 million yen, despite expenditure for purchase of intangible assets of 217 million yen, purchase of property, plant and equipment of 34 million yen.

(Net cash from financing activities)

Funds used by financing activities were 0 yen.

We changed our fiscal year end from September 30 to December 31 during the previous fiscal year. Therefore, we do not provide year-over-year comparisons for the year under review as the fiscal year ended December 2013 covers different months (January to December 2013) than those (October 2011 to December 2012) in the fiscal year ended December 2012.

(Trends in Cash Flow Indexes)

	FY09/11	FY12/12	FY12/13
Shareholders' equity (Million yen)	3,931	5,402	5,884
Shareholders' equity ratio (%)	44.9	65.6	68.4
Ratio of interest-bearing debt to cash flow (%)	135.7	35.3	154.5
Interest coverage ratio (times)	25.5	173.9	77.5
Market capitalization based equity ratio (%)	58.3	66.4	119.0

Shareholders' equity = Total net assets – Stock subscription rights – Minority interest

Shareholders' equity ratio = shareholders' equity ÷ total assets x 100

Ratio of interest-bearing debt to cash flow = Interest-bearing debt ÷ Operating cash flow (before interest and corporate taxes, etc.)

Interest coverage ratio = Operating cash flow (before interest and corporate taxes, etc.) ÷ interest paid

Market value-based equity ratio = stock market price ÷ total assets

Notes 1: Each index is calculated using consolidated financial data.

2: For operating cash flows (before interest and corporate taxes, etc.), net cash provided by operationg activities from the consolidated cash flows statement (before deducting the amount of payment of interest and corporate taxes, etc.) is used.

3: All debt involving the payment of interest and stated in the consolidated balance sheet are included in interest-bearing debt.

4: For interest payment, the amount of interest paid in the consolidated profit and loss statement is used.

5. Market capitalization = Stock price at the end of the term x Number of shares outstanding at the end of the term

(3) Fundamental Policy for Allocation of Earnings and Dividends for the Current and Coming Fiscal Year

The return of earnings to shareholders is considered to be an important management topic for the cultivation of medium to long term investors.

Consequently, Fullcast Holdings Co., Ltd. maintains a fundamental policy of allocating profits in accordance our business performance. At the same time, we consider both dividends paid from retained earnings and treasury stock purchases as alternative means of returning profits to shareholders and take capital efficiency into consideration, based upon our outlook for futhre earnings and profit growth. Going forward, we will endeavor to improve shareholder returns by establishing a new target for total return ratio- the sum of dividends and treasury stock purchases - of 50%.

Our Company, based on the Article 461 of the Companies Act, did not pay dividends from the fiscal year ended September 2008 to fiscal year ended December 2012 because of a lack of funds available for distribution. However, we will pay a year-end dividend of 14 yen per share in fiscal year ended December 2013 as this dividend amounted to 50% of funds available for distribution and because we have achieved progress in our management target of the "establishment of a solid business foundation for new services."

With the target of achieving a stable level of shareholder returns from the next fiscal year onwards, we have yet to determine an official dividend forecast at the current time because of the uncertain business conditions surrounding our Company. We plan to announce dividend plans later when we derive a clearer picture of our earnings outlook taking business trends into account.

(4) Risks Associated with Our Businesses

Major potential risk factors for the Fullcast Group in the course of our business operations are described below. As part of our policy of proactive disclosure of information to investors, risk descriptions may also include matters that do not necessarily fall under the category of business risks, but which may be regarded as important for investors in making investment decisions or understanding the Group's business activities. The Group seeks to proactively identify potential business risks, prevent their occurrence and take adequate measures to address them should they appear. The following statements may contain risk factors forecast for the future, although it is based on our best judgment as of the date of reporting of these financial statements.

1) The Group's Policy for Business Growth

We endeavor to raise our competitive position through strict adherence to corporate governance, promoting speed in the strategic decision making process of our management and in the implementation of various strategies. However should the above mentioned issues takes longer than anticipated and the contribution to our earnings does not proceed as planned, our Group's earnings could be negatively impacted.

In the short-term operational support business, we launched new business models such as "part-time employment placement" and "part-time worker payroll management services" in response to the Revised Worker Dispatching Act implemented on October 1, 2012. However, our Group's earnings could be seriously impacted should the earnings of these businesses stray from expectations.

In addition, we maintain a policy of selling shares in affiliates or marketable securities of companies which cease to provide synergies with our Group's various businesses. Also, our Group's earnings could be profoundly impacted by implementation of impairment accounting during times when market capitalization or the actual value of companies whose shares we hold deteriorate.

2) Legal Regulations

a) Changes in Legal Regulations

Our Group earnings could be largely impacted by revisions or changes in the interpretation of the Worker Dispatching Act, Labor Standards Act, Employment Security Act, Workmen's Accident Compensation Insurance Act, Health Insurance Act, Employees Pension Insurance Act, and other related acts taken in response to changes in the labor market environment.

b) Part-Time Employment Placement Business

The Group provides paid-for employment placement business under the license of Minister of Health, Labor and Welfare in accordance with the Employment Security Act. The license is valid for 5 years. When the renewal of the license becomes necessary but is not given because we do not meet the requirements for the license as specified in Article 31, or we fall under the category of disqualification or revocation grounds of the license as stipulated in Article 32, we may not be able to continue the provision of our services, which could seriously impact the performance of our group.

c) Worker Dispatching Service

The Group provides worker dispatching services under the license of Minister of Health, Labor and Welfare in accordance with the Worker Dispatching Act. If the Group should become subject to disqualification, our license could be cancelled, or orders to suspend or halt our operations could be issued.

With the launch of the Long-Term Dispatch Business Officer Certification System, the Group is committed to compliance and risk management to prevent any violation of acts and ordinances. However if licenses are cancelled or if other measures are taken, we may be prevented from providing worker dispatching services and our Group's performance could be seriously impacted.

d) Part-Time Worker Payroll Management Service

Whereas the Group is conducting outsourced businesses independent of the contracting client company based upon an outsourcing agreement, we may become liable for damages caused by incompletion of outsourced businesses or delays in reporting. Depending on the amount to be paid for damages, if we cannot absorb these costs through increased efficiencies of our overall operations and other cost cutting measures, our Group's earnings could be negatively impacted.

e) Onsite Subcontracting Service

As an onsite subcontracting service provider based on sub-contracts, the Group completes its contracted work independently and directly at the client company of such contract. In carrying out the work involved, we follow the commonly accepted practices (as defined in Notice No. 37 of 1986 by Japan's Ministry of Labour) that separates and distinguishes between the employee dispatching and the subcontracting business and other relevant laws and regulations.

Due to the nature of subcontracting services, we are at risk of low productivity and product failure. If we cannot absorb these factors through increased efficiencies of our overall operations and other cost cutting measures, our Group's earnings could be negatively impacted.

f) Sharing of Social Insurance Contributions

There is a possibility that the prohibition of day worker dispatching of 30 days or less by the Revised Worker Dispatching Act would result in increased numbers of workers being enrolled in social insurance over the long-term worker dispatch. There is also a possibility of expanded coverage of social insurance by future revisions of the law. In such cases, payments for social insurance would increase.

Moreover, if enrollment conditions are relaxed for employment insurance, the number of cases to be processed for insurance acquisition and loss may increase significantly. Therefore, there is a possibility that fees for clerical work may also increase. In the event that we cannot pass along these higher costs to our customers in the form of higher prices or absorb them through increased efficiencies of our overall operations and other cost cutting measures, our Group's earnings could be negatively impacted.

3) Managing the Database on Client Firms and Staff

Our Group always strives to provide staff best matched to the needs of client companies and deploy staff for clients promptly and efficiently. To facilitate this, the Group manages a database that contains information on staff work attitudes and experience by job classification as well as on clients.

To be prepared for the eventuality of a malfunction in a server, our Group makes backup databases, while the servers themselves are operated in redundant configuration with multiple machines in preparation for any potential problems. However, if these servers were to fail simultaneously as a result of problems such as earthquakes or other natural disasters, the Group's operations could be seriously impeded and its earnings may be negatively impacted.

In the future, we expect to make investments in information technologies as needed to help differentiate our Company from our competitors in terms of costs and services offered. Deterioration in the effectiveness of these investments could contribute to reductions in their contribution to sales and earnings growth.

To appropriately manage personal information and other data, we endeavor to prevent unauthorized access, as well as loss, destruction, falsification or unauthorized disclosure of personal information by establishing clear handling rules, strictly controlling access rights to the system and stepping up internal inspections. However, our Group earnings could be significantly impacted if any security breaches of personal information occur, and our Group could lose the trust of the public and incur claims for damages.

4) Workplace Accidents and Transaction-Related Trouble

a) Part-Time Worker Placement Service

In the process of selecting staff members who apply for jobs, if our Company places a staff member who does not meet the recruitment requirements of the client company due to our negligence, the client company may file a suit against us for breach of contract or demand other compensation. Although the Group has a compliance system under which personnel in charge of legal affairs can handle various legal risks, our performance may be seriously impacted by such accidents depending upon their nature and the amount of money involved.

b) Employee Dispatching Service

In the event that a staff member dies, is injured or becomes ill in the course of performing business tasks or due to causes attributable to the work at the dispatched work place, our Group, as an employer, may become responsible to pay compensation according to the relevant laws and regulations including the Labor Standards Act and the Workers' Accident Compensation Insurance Act. (Destination business owners that are our clients bear the employer's liability in accordance with the Industrial Safety and Health Act, and are obliged to protect the safety of staff in accordance with the Civil Code.)

The Group enhances staff awareness regarding safety by promoting occupational health and safety training, as well as by providing safety equipment and bulletins for on-the-job vigilance to prevent injury and illness. To provide better worker protection, the Group maintains an insurance program to pay agreed claims as comprehensive general liability insurance. However, should an accident not covered by this insurance occur, the Group could be forced to pay damages on the grounds of neglecting its duty to secure safety and assume responsibility for any illegal activity which is stipulated in labor contracts.

In addition, the Group could be sued or pressured to make other payments on allegations of staff negligence, on the violation of a contract with a client or for illegal activities of staff members in the course of performing business at the dispatched workplace. Although the Group has a compliance system under which personnel in charge of legal affairs can handle various legal risks, our performance may be seriously impacted by accidents, depending upon their nature and the amount of money involved.

5) Securing and Retaining Employees

In order to improve employee retention, our Group implements measures to enhance employee training and to increase employee motivation. However in the future, the loss of a greater than expected number of personnel could influence the various business segments of our Group.

2. Corporate Group

Our Group is expanding the “short-term operational support business” (providing timely short-term personnel services in response to increases or decreases in the amount of work at corporate customers), and the “security business” (providing security services mainly for public facilities and ordinary corporations).

We provide descriptions of the status of affiliated companies and a diagram of our business activities as of December 31, 2013 as follows.

(1) Status of Affiliated Companies

Company	Location	Capital (mil. yen)	Major business activities	Voting shares (%)	Issues to be noted
(Consolidated subsidiary) Fullcast Co., Ltd. (Note 2, 4)	Shinagawa-ku, Tokyo	80	Short-term operational support business	100.0	- We sublet a part of our rented building to this company for office use. - We provide services such as management advice, business outsourcing, and system lease. - Concurrent directorates: 2 - Provides financial support: borrowing and lending operating capital
Top Spot Co., Ltd. (Note 2)	Shinagawa-ku, Tokyo	80	Short-term operational support business	100.0	- We provide services such as management advice, business outsourcing, and system lease. - Concurrent directorates: 2 - Provides financial support: borrowing and lending operating capital
Fullcast Advance Co., Ltd (Note 4)	Shinagawa-ku, Tokyo	50	Security business Short-term operational support business	100.0	- We sublet a part of our rented building to this company for office use. - We provide services such as management advice, business outsourcing, and system lease. - Concurrent directorates: 1 - Provides financial support: borrowing and lending operating capital
Fullcast Business Support Co., Ltd.	Shinagawa-ku, Tokyo	9	Whole company	100.0	- We sublet a part of our rented building to this company for office use. - We provide services such as business outsourcing and system lease. - Provides financial support: borrowing and lending operating capital
OtetsudaiNetworks Inc.	Shinagawa-ku, Tokyo	30	Short-term operational support business	100.0	- We sublet a part of our rented building to this company for office use. - We provide services such as management advice, business outsourcing, and system lease. - Concurrent directorates: 1 - Provides financial support: borrowing and lending operating capital
(Equity method affiliate) FPLAIN CO., LTD. (formerly Fullcast Marketing Co., Ltd.)	Minato-ku, Tokyo	681	Agency agreement, sales agency operation	23.81	- Concurrent directorates: 1

Notes 1: The “Major business activities” category follows the business segment classification.
2: Specified subsidiary.
3: None of the companies listed above have submitted securities registration statements or securities reports.
4: Sales by Fullcast Co., Ltd. and Fullcast Advance Co., Ltd. (excluding internal sales among consolidated companies) account for over 10% of consolidated sales.

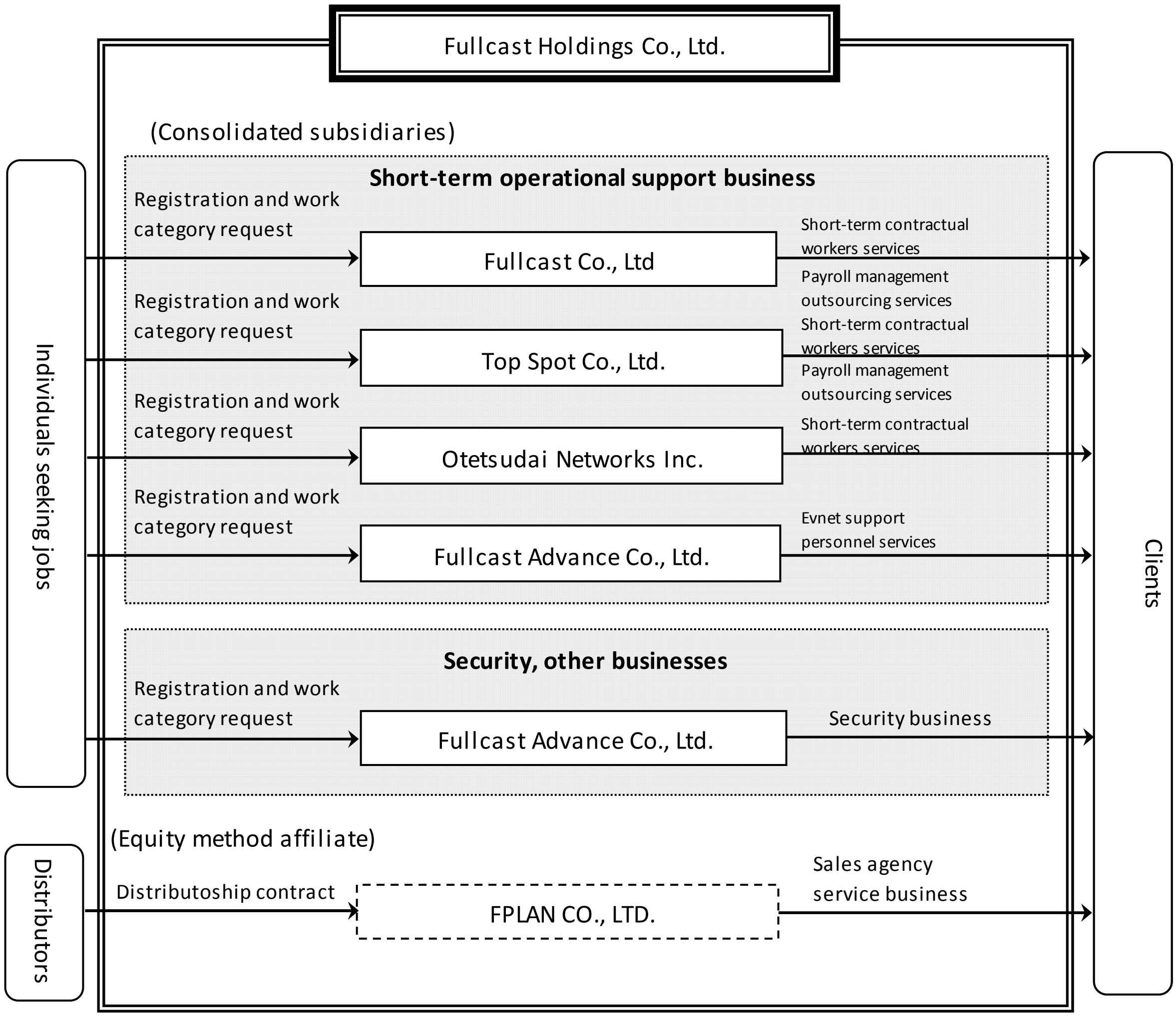
Key information about profit and loss

(Million yen)

	Fullcast Co., Ltd.	Fullcast Advance Co., Ltd.
Sales	12,802	3,738
Ordinary income	192	60
Net income	142	48
Net assets	2,494	442
Total assets	3,939	898

(2) Diagram of Business Activities

A diagram of our business activities is shown below:



Note 1: The above diagram is current as of December 31, 2013.
Note 2: ▭ is Fullcast Holdings Co., Ltd., ▭ is a consolidated subsdiary, ┆ is a equity method affiliate.
Note 3: Fullcast Marketing Co., Ltd. has changed its company name to FPLAIN CO., LTD. on April 1, 2013.

3. Management Policies

(1) Fundamental Management Policies

The fundamental philosophy of the Fullcast Group is "to contribute to Japan's competitiveness as a human resource services company." Our Group aims to contribute to the enhancement of Japan's competitiveness and productivity, as well as to function as an agent for workers by improving productivity of our clients by increasing the variable portion of their personnel costs, improving productivity through the substitution and integration of operations, and managing job seekers' motivation and assisting in the improvement of their skills. The Group also endeavors to maximize corporate value by implementing management initiatives from the standpoint of all stakeholders, including shareholders, customers and employees.

(2) Target Management Indicators

The Group aims to maintain ROE (return on equity) of more than 20% and increase corporate value by focusing upon a balance between profitability and growth, while maintaining financial soundness.

(3) Medium to Long Term Management Strategies

With the highest priority assigned to compliance as the basic assumption of our management, we are working to establish an operating foundation capable of sustained growth by focusing upon our "short-term operational support business" and by ensuring that our group-wide corporate governance leverages the functionality of our holding company.

(4) Key Management Issues

With the implementation of the Revised Worker Dispatching Act on October 1, 2012, we changed our operations from the short-term dispatching business to new services — "part-time employment placement" and "part-time worker payroll management services" — in the "short-term operational support business," which is the main business of our Group. We will strive to increase earnings with the shift in our main management focus from the "establishment of a solid business foundation for new services" to "further expansion of new services."

In the future, we will continue to promote rationalization as a means of fortifying our management structure, while giving the highest priority to compliance. We also seek to build the confidence of all our stakeholders in our Company.

4. Consolidated Financial Statements

(1) Consolidated Balance Sheet

(Million yen)

	FY12/12 end (December 31, 2012)	FY12/13 end (December 31, 2013)
ASSETS		
Current assets		
Cash and deposits	4,152	4,763
Notes and accounts receivable-trade	2,248	2,226
Merchandise	4	3
Supplies	11	17
Current portion of long-term loans receivable from subsidiaries and associates	120	-
Deferred tax assets	115	16
Other	308	358
Allowance for doubtful accounts	-28	-43
Total current assets	6,930	7,340
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	257	264
Accumulated depreciation and impairment loss	-113	-144
Buildings and structures, net	114	120
Machinery equipment and vehicles	3	4
Accumulated depreciation and impairment loss	-2	-4
Machinery, equipment and vehicles, net	1	0
Tools, furniture and fixtures	402	406
Accumulated depreciation and impairment loss	-248	-296
Tools, furniture and fixtures, net	154	110
Construction in progress	-	1
Total property, plant and equipment	299	231
Intangible assets		
Goodwill	49	-
Software	244	306
Other	195	23
Total intangible assets	487	329
Investments and other assets		
Investment securities	*1 194	*1 425
Long-term loans receivable from subsidiaries and associates	75	-
Guarantee deposits	223	230
Deferred tax assets	2	20
Other	55	71
Allowance for doubtful accounts	-28	-41
Total investments and other assets	520	705
Total noncurrent assets	1,306	1,265
Total assets	8,236	8,605

(Million yen)

	FY12/12 end (December 31, 2012)	FY12/13 end (December 31, 2013)
LIABILITIES		
Current liabilities		
Notes and accounts payable-trade	7	6
Short-term loans payable	*2 1,000	*2 1,000
Accounts payable-other	816	561
Accrued expenses	541	543
Income taxes payable	16	82
Other	147	159
Total current liabilities	2,527	2,351
Noncurrent liabilities		
Provision for retirement benefits	252	314
Asset retirement obligations	37	37
Deferred tax liabilities	6	7
Other	11	12
Total noncurrent liabilities	307	370
Total liabilities	2,834	2,721
NET ASSETS		
Shareholders' equity		
Capital stock	2,780	2,780
Capital surplus	2,013	2,006
Retained earnings	3,348	1,089
Treasury stock	-2,747	-
Total shareholders' equity	5,395	5,875
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	7	9
Total accumulated other comprehensive income	7	9
Total net assets	5,402	5,875
Total liabilities and net assets	8,236	8,605

(2) Consolidated Profit and Loss Statement and Consolidated Statement of Comprehensive Income

Consolidated Profit and Loss Statement

(Million yen)

	FY12/12 (From October 1, 2011 to December 31, 2012)	FY12/13 (From January 1, 2013 to December 31, 2013)
Net sales	36,896	17,462
Cost of sales	28,362	11,755
Gross profit	8,534	5,707
Selling, general and administrative expenses		
Salaries and bonuses	2,379	1,825
Other salaries	640	613
Legal welfare expenses	453	362
Retirement benefit expenses	104	89
Communication expenses	232	167
Advertising expenses	26	20
Traveling and transportation expenses	296	243
Rents	497	435
Depreciation	242	191
Recruitment expense	241	190
Provision of allowance for doubtful accounts	10	42
Amortization of goodwill	9	6
Other	1,625	1,187
Total selling, general and administrative expenses	6,755	5,369
Operating income	1,799	338
Non-operating income		
Interest income	7	1
Dividends income	1	1
Real estate rent	11	-
Share of profit of entities accounted for using equity method	-	227
Reversal of accounts payable	44	17
Other	81	23
Total non-operating income	143	270
Non-operating expenses		
Interest expenses	20	8
Rent cost of real estate	11	-
Share of loss of entities accounted for using equity method	62	-
Damage compensation	15	11
Other	43	11
Total non-operating expenses	150	30
Ordinary income	1,772	578

(Million yen)

	FY12/12 (From October 1, 2011 to December 31, 2012)	FY12/13 (From January 1, 2013 to December 31, 2013)
Extraordinary income		
Gain on sales of investment securities	-	90
Gain on change in equity	26	69
Other	*1 0	*1 0
Total extraordinary income	26	160
Extraordinary loss		
Loss on retirement of noncurrent assets	*3 9	*3 2
Loss on sales of investment securities	3	2
Impairment loss	-	*4 81
Loss on abolishment of retirement benefit plan	2	-
Other	*2 1	*2 0
Total extraordinary losses	15	85
Income before income taxes and minority interests	1,783	652
Income taxes-current	173	92
Income taxes-deferred	183	80
Total income taxes	356	172
Income before minority interests	1,427	480
Net income	1,427	480

Consolidated Statement of Comprehensive Income

(Million yen)

	FY12/12 (From October 1, 2011 to December 31, 2012)	FY12/13 (From January 1, 2013 to December 31, 2013)
Income before minority interests	1,427	480
Other comprehensive income		
Valuation difference on available-for-sale securities	4	3
Share of other comprehensive income of entities accounted for using equity method	40	-2
Total other comprehensive income	* 44	* 2
Comprehensive income	1,471	482
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	1,471	482
Comprehensive income attributable to minority interests	-	-

(3) Consolidated Statements of Shareholders' Equity

Consolidated accounting period for the previous fiscal year (From October 1, 2011 to December 31, 2012)

(Million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of current period	2,780	2,013	1,921	-2,747	3,968
Changes of items during the period					
Net income			1,427		1,427
Net changes of items other than shareholders' equity					
Total changes of items during the period	-	-	1,427	-	1,427
Balance at the end of current period	2,780	2,013	3,348	-2,747	5,395

(Million yen)

	Accumulated other comprehensive income		Total net assets
	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income	
Balance at the beginning of current period	-36	-36	3,931
Changes of items during the period			
Net income			1,427
Net changes of items other than shareholders' equity	44	44	44
Total changes of items during the period	44	44	1,471
Balance at the end of current period	7	7	5,402

Consolidated accounting period for the current fiscal year (From January 1, 2013 to December 31, 2013)

(Million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of current period	2,780	2,013	3,348	-2,747	5,395
Changes of items during the period					
Net income			480	2,747	480
Cancellation of treasury stock		-2,747			-
Transfer of negative balance of other capital surplus		2,739	-2,739		-
Net changes of items other than shareholders' equity					-
Total changes of items during the period	-	-7	-2,259	2,747	480
Balance at the end of current period	2,780	2,006	1,089	-	5,875

(Million yen)

	Accumulated other comprehensive income		Total net assets
	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income	
Balance at the beginning of current period	7	7	5,402
Changes of items during the period			
Net income		-	480
Cancellation of treasury stock		-	-
Transfer of negative balance of other capital surplus		-	-
Net changes of items other than shareholders' equity	2	2	2
Total changes of items during the period	2	2	482
Balance at the end of current period	9	9	5,884

(4) Consolidated Cash Flows Statement

(Million yen)

	FY12/12 (From October 1, 2011 to December 31, 2012)	FY12/13 (From January 1, 2013 to December 31, 2013)
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	1,783	652
Depreciation	252	197
Amortization of goodwill	9	6
Impairment loss	-	81
Increase (decrease) in allowance for doubtful accounts	-29	28
Increase (decrease) in provision for bonuses	-71	-21
Increase (decrease) in provision for retirement benefits	41	62
Interest and dividends income	-7	-2
Interest expenses	20	8
Loss (gain) on sales of investment securities	3	-88
Share of (profit) loss of entities accounted for using equity method	62	-227
Loss (gain) on change in equity	-26	-69
Loss on retirement of noncurrent assets	9	2
Decrease (increase) in notes and accounts receivable-trade	1,360	9
Decrease (increase) in inventories	3	-3
Increase (decrease) in notes and accounts payable-trade	-407	-43
Decrease (increase) in accounts receivable-other	-13	21
Increase (decrease) in accrued expenses	38	2
Increase (decrease) in accrued consumption taxes	-176	-50
Other, net	-15	83
Subtotal	2,836	647
Interest and dividends income received	8	2
Interest expenses paid	-16	-8
Income taxes paid	-419	-272
Income taxes refund	66	140
Net cash provided by (used in) operating activities	2,475	509
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	-148	-34
Purchase of intangible assets	-163	-217
Purchase of investment securities	-101	-0
Proceeds from sales of investment securities	148	158
Payments of loans receivable	-100	-
Collection of loans receivable	250	195
Purchase of investments in subsidiaries resulting in change in scope of consolidation	*2 -76	-
Other, net	0	-1
Net cash provided by (used in) investing activities	-189	101
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	-781	-
Repayment of long-term loans payable	-680	-
Net cash provided by (used in) financing activities	-1,461	-
Net increase (decrease) in cash and cash equivalents	824	611

Cash and cash equivalents at beginning of period	3,328	4,152
Cash and cash equivalents at end of period	*1 4,152	*1 4,763

(5) Notes on Consolidated Financial Statements

(Concerning Notes About Going Councern Assumption)
None applicable

(Significant Accounting Policies in the Preparation of the Consolidated Financial Statements)
1. Matters concerning the scope of consolidation
Details of all consolidated subsidiaries
Consolidated subsidiaries: 5
Name of the consolidated subsidiaries:
Fullcast Co., Ltd.
Top Spot Co., Ltd.
Fullcast Advance Co., Ltd.
Fullcast Business Support Co., Ltd.
OtetsudaiNetworks Inc.

2. Matters concerning the application of the equity accounting method
(1) Affiliates accounted for by the equity method: 1
FPLAIN CO., LTD.
Fullcast Marketing Co., Ltd. has changed its company name to FPLAIN CO., LTD. on April 1, 2013.

(2) Items requiring mention with regards to procedures for applying the equity method
As company accounted for under the equity method has different settlement dates, financial statements based upon provisional settlement of accounts as of the consolidated settlement date are used in preparing the consolidated financial statements.

3. Matters concerning the fiscal year end date and other information of consolidated subsidiaries
The fiscal year end date of consolidated subsidiaries matches the consolidated fiscal year end date.

(Accounting standards not applied)
"Accounting Standard for Retirement Benefits (ASBJ Statement No.26, May 17, 2012) and "Guidance on Accounting Standard for Retirement Benefits (ASBJ Guidance No.25, May 17, 2012)
(1) Summary
The accounting standard was revised, from the viewpoint of improvements to financial reporting and international trends, mainly focused upon how actuarial gains and losses and past service costs should be accounted for, how retirement benefit obligations and current service costs should be determined, and enhancement of disclosures should be performed.
(2) Scheduled date of application
Application is scheduled to occur at the end of the consolidated fiscal year starting on January 1, 2014 or after.
(3) Impact of the application of the accounting standard, other standards
We are currently evaluating the impact upon the consolidated financial statements at the time of their preparation.

(Changes in presentation method)
(Regarding consolidated balance sheet)
(1) In the fiscal year under review, "provision for bonuses" under "current liabilities" in the previous fiscal year was of little importance in monetary terms, and therefore it has been included in "other" of "current liabilities" starting from the fiscal year under review. In order to reflect the change in presentation method, modifications were made to the financial statements of the previous fiscal year.
As a result, the amount of 22 million yen for "provision for bonuses" under "current liabilities" in the consolidated balance sheet of the previous fiscal year is included in "other".
(Regarding consolidated profit and loss statement)
(1) In the fiscal year under review, "provision for bonuses" under "selling, general and administrative expenses" in the previous fiscal year was of little importance in monetary terms, and therefore, it has been included among "other" under "selling, general and administrative expenses" starting from the fiscal year under review. In order to reflect the change, modifications have been made to the financial statements of the previous fiscal year.
As a result, "provision for bonuses" under "selling, general and administrative expenses" of 73 million yen has been included in "other."
(2) In the fiscal year under review, "trademark fee income" under "non-operating income" in the previous fiscal year was of little importance in monetary terms, and therefore, they have been included among "other" under

"non-operating income" starting from the fiscal year under review. In order to reflect the change, modifications have been made to the financial statements of the previous fiscal year.

As a result, "trademark fee income" of 26 million yen under "non-operating income" in the previous fiscal year has been included in "other" of 26 million yen.

(3) In the fiscal year under review, "damage compensation" included in "other" of "non-operating cost" was separately listed from the fiscal year under review as it exceeded 10 percent of the total non-operating expenses. In order to reflect this change, modifications have been made to the financial statements of the previous fiscal year.

As a result, "other" of 15 million yen under "non-operating expenses" in the previous fiscal year has been divided into "damage compensation" of 15 million yen.

(Notes on Consolidated Balance Sheet)

*1 The following figure reflect affliated companies

	FY12/12 end (December 31, 2012)	FY12/13 end (December 31, 2013)
Investment securities (equities)	120 million yen	353 million yen

*2 The Company signed an agreement for overdraft with four banks to procure operating capital efficiently. The balance of borrowings involved in the agreement for overdraft at the end of this consolidated fiscal year is as follows:

	FY12/12 end (December 31, 2012)	FY12/13 end (December 31, 2013)
Limit of overdraft account	2,600 million yen	2,600 million yen
Borrowing	1,000 million yen	1,000 million yen
Balance	1,600 million yen	1,600 million yen

(Notes on Consolidated Income Statement)

*1. Significant components of gain on sales of noncurrent assets in "other" under extraordinary income:

	FY12/12 (From October 1, 2011 to December 31, 2012)	FY12/13 (From January 1, 2013 to December 31, 2013)
Tools, furniture and fixtures	0 million yen	0 million yen

*2. Significant components of loss on sales of noncurrent assets in "other" under extraordinary income:

	FY12/12 (From October 1, 2011 to December 31, 2012)	FY12/13 (From January 1, 2013 to December 31, 2013)
Tools, furniture and fixtures	1 million yen	0 million yen

*3. Significant components of loss on retirement of noncurrent assets

	FY12/12 (From October 1, 2011 to December 31, 2012)	FY12/13 (From January 1, 2013 to December 31, 2013)
Buildings and structures	5 million yen	1 million yen
Tools, furniture and fixtures	1 million yen	1 million yen
Software	3 million yen	-
Total	9 million yen	2 million yen

*4. Impairment loss

(1) Main assets for which an impairment loss was recognized

Use	Type	Place
short-term operational support busines	Tools, furniture and fixtures Software Other Goodwill	Shinagawa-ku, Tokyo

(2) Background to Recognition of Impairment Loss

As a result of review of the business plan of our consolidated subsidiary OtetsudaiNetworks Inc. (Shinagawa-ku, Tokyo), the plan has not progressed as initially expected. Therefore, we consider the total book value of the assets for the short-term operational support business to be unrecoverable and recognize the impairment loss.

(3) Amount of impairment loss

Tools, furniture and fixtures	0 million yen
Software	38 million yen
Other	0 million yen
Goodwill	43 million yen

(4) Grouping method of assets

To apply accounting for the impairment of assets, the Group classified assets in accordance with the classification of business segments.

(5) Calculation of collectible amount

The use-value is used for the collectible amount of the Company Group and calculated as zero based on an estimate of future cash flows.

(Notes on Consolidated Statement of Comprehensive Income)

* Amount of modifications and tax effect in other comprehensive income

	FY12/12 (From October 1, 2011 to December 31, 2012)	FY12/13 (From January 1, 2013 to December 31, 2013)
Valuation difference on available-for-sale securities:		
Amount incurred during the current fiscal year	5 million yen	5 million yen
Reclassification adjustment	-	-0 million yen
Before tax effect adjustment	5 million yen	5 million yen
Tax effect	-2 million yen	-2 million yen
Valuation difference on available-for-sale securities	4 million yen	3 million yen
Share of other comprehensive income of associates accounted for using equity method:		
Amount incurred in the current fiscal year	1 million yen	-2 million yen
Amount of modification	39 million yen	-
Share of other comprehensive income of associates accounted for using equity method	40 million yen	-2 million yen
Total other comprehensive income	44 million yen	2 million yen

(Notes on Changes in Consolidated Statement of Shareholders' Equity)

Fiscal year ended December 2012 (October 1, 2011 to December 31, 2012)

1. Matters concerning the type and the number of shares issued and treasury stock

	Number of shares at the beginning of the current fiscal year	Increase in the number of shares during the fiscal year	Decrease in the number of shares during the fiscal year	Number of shares at the end of the fiscal year
Shares issued Common stock (shares)	395,964	-	-	395,964
Total	395,964	-	-	395,964
Treasury stock Common stock (shares)	11,100	-	-	11,100
Total	11,100	-	-	11,100

2. Matters concerning stock acquisition rights

There are no relevant matters.

3. Matters concerning dividend

(1) Dividend payments

There are no relevant matters.

(2) Of dividends the record date of which belongs to the fiscal year, those the effective date of which falls in or

after the following fiscal year

There are no relevant matters.

Fiscal year ended December 2013 (January 1, 2013 to December 31, 2013)

1. Matters concerning the type and the number of shares issued and treasury stock

	Number of shares at the beginning of the current fiscal year	Increase in the number of shares during the fiscal year	Decrease in the number of shares during the fiscal year	Number of shares at the end of the fiscal year
Shares issued Common stock (shares)	395,964	39,200,436	1,110,000	38,486,400
Total	395,964	39,200,436	1,110,000	38,486,400
Treasury stock Common stock (shares)	11,100	1,098,900	1,110,000	-
Total	11,100	1,098,900	1,110,000	-

(Summary of changes)

(1) The increase in the total number of common shares issued was due to the split of common shares at a ratio of 100 to one share.

(2) The decrease in the total number of common shares issued was due to the cancellation of treasury stock, which was decided at a board of directors meeting.

(3) The increase in the number of common shares of treasury stock was due to the split of common shares at a ratio of 100 to one share.

(4) The decrease in the number of common shares of treasury stock was due to the cancellation of treasury stock, which was decided at a board of directors meeting.

2. Matters concerning stock acquisition rights

There are no relevant matters.

3. Matters concerning dividend

(1) Dividend payments

There are no relevant matters.

(2) Of dividends the record date of which belongs to the fiscal year, those the effective date of which falls in or after the following fiscal year

Resolution	Type of shares	Dividend resource	Total amount of dividend (million yen)	Dividend per share (yen)	Record date	Effective date
Feb. 14, 2014 Board of directors meeting	Common shares	Retained earnings	539	14.00	December 31, 2013	March 14, 2014

(Notes on Consolidated Cash Flows Statement)

*1. Reconciliation of the consolidated balance sheet items to cash and cash equivalents in the consolidated cash flow statements are as follows:

	FY12/12 (From October 1, 2011 to December 31, 2012)	FY12/13 (From January 1, 2013 to December 31, 2013)
Cash and deposits	4,152 million yen	4,763 million yen
Cash and cash equivalents	4,152 million yen	4,763 million yen

*2. Major details of assets and liabilities for companies which became new consolidated subsidiaries

Consolidated accounting period for the previous fiscal year (From October 1, 2012 to December 31, 2012)

OtetsudaiNetworks Inc. was newly consolidated through the acquisition of its shares. The following are details of the company's assets and liabilities at the time of its consolidation, as well as details regarding the cost (net) of the acquisition of the company.

Current assets	18 Million yen
Noncurrent assets	32 Million yen
Goodwill	57 Million yen
Current liabilities	-8 Million yen
Noncurrent liabilities	-10 Million yen
Purchase of shares	89 Million yen
Cash and equivalents	-13 Million yen

Costs incurred from purchase (- = income)	76 Million yen

Consolidated accounting period for the current fiscal year (From January 1, 2013 to December 31, 2013)
There are no relevant matters.

(Segment Information)

(Segment information)

Previous fiscal year (October 1, 2011 –December 31, 2012)

1. Overview of reporting segments

The Company's reporting segments are business units for which financial information can be obtained independently from the Company's various structural units, and they are subject to regular examinations in by the board of directors to form decisions about allocations of management resources and to evaluate their performances.

Our Group has two reporting segments: short-term operational support business and security business. Short-term operational support business provides timely short-term staffing services that cater to fluctuations in client companies' workloads; and security business mainly conducts security work for public facilities and general companies.

2. Information concerning the calculation of the amount of sales, profits and losses, assets, liabilities and other items for each reporting segment

The accounting methods for each segment reported are almost the same as described in the "Significant Accounting Policies in the Preparation of the Consolidated Financial Statements."

Income of each reporting segment is an amount based on its operating income. Inter-segment profits and transfers are based on market prices.

3. Information concerning the amount of sales, profits and losses, assets, liabilities and other items for each reporting segment

(Million yen)

	Reporting segment		Total	Elimination or company total	Consolidated
	Short term operational support business	Security business			
Net sales					
Sales to external customers	34,373	2,524	36,896	-	36,896
Inter-segment sales or transfers	-	0	0	-0	-
Total	34,373	2,524	36,897	-0	36,896
Segment income or loss (-)	2,300	164	2,464	-685	1,779
Segment assets	5,759	527	6,286	1,950	8,236
Other					
Depreciation	136	3	138	114	252
Amortization of goodwill	9	-	9	-	9
Increase of property, plant and equipment and intangible assets	131	0	131	180	311

Notes 1: The amount of -685 million yen in adjustment of profit for segments includes 13 million yen in eliminations for inter-segment transactions and expenses of the whole company of -698 million yen that are not allocated to each reported segment. Expenses of the whole company are primarily made up of the general administrative expenses not belonging to the reported segments.

2: The profit or loss (-) of segments have been adjusted using the operating income shown in the consolidated profit and loss statement.

3: The amount of 1,950 million yen in adjustment of segment-based assets is primarily comprised of loans to affiliated companies, long-term investment assets (investment securities), assets involved in the administrative departments and other items incurred by the head office of the parent Company.

4: The amount of 114 million yen for adjusting the depreciation expenses primarily consists of depreciation for the buildings, structures and software of the head office of the Company.

5: The amount of 180 million yen in adjustment of the increased amount of the property, plant and equipment and intangible fixed assets primarily consists of those for buildings, structures and software of the head office of the company.

Current consolidated fiscal year (January 1, 2013– December 31, 2013)

1. Overview of Reporting Segments

The Company's reporting segments are business units for which financial information can be obtained independently from the Company's various structural units, and they are subject to regular examinations in by the board of directors to form decisions about allocations of management resources and to evaluate their performances.

Our Group has two reporting segments: short-term operational support business and security business. The short-term operational support business provides timely short-term staffing services that cater to fluctuations in client companies' workloads, and security business mainly conducts security work for public facilities and general companies. Along with the implementation of the Revised Worker Dispatching Act in October 2012, the short-term dispatching service in the short-term operational support business has been shifted to new services of "part-time worker placement" and "part-time worker payroll management."

2. Information concerning the calculation of the amount of sales, profits and losses, assets, and other items for each reporting segment

The accounting methods for each segment reported are similar to those described in the "Significant Accounting Policies in the Preparation of the Consolidated Financial Statements."

The income of each reporting segment is an amount based upon its operating income. Inter-segment profits and transfers are based on market prices.

3. Information concerning the amount of sales, profits and losses, assets, and other items for each reporting segment

(Million yen)

	Reporting segment		Total	Elimination or company total	Consolidated
	Short term operational support business	Security business			
Net sales					
Sales to external customers	15,665	1,797	17,462	-	17,462
Inter-segment sales or transfers	2	-	2	-2	-
Total	15,667	1,797	17,464	-2	17,462
Segment income or loss (-)	834	101	935	-598	338
Segment assets	4,792	634	5,427	3,178	8,605
Other					
Depreciation and amortization	46	2	48	149	197
Amortization of goodwill	6	-	6	-	6
Impairment loss	81	-	81	-	81
Increase of property, plant and equipment and intangible assets	13	1	14	237	250

Notes 1: The amount of -598 million yen in adjustment of profit for segments includes the amount of -0 million yen for elimination of inter-segment transactions and the expenses of the whole company of -597 million yen that are not allocated to reported segments. The expenses of the whole company are primarily comprised of general administrative expenses that cannot be assigned to reported segments.

2: The profit or loss (-) of the segments has been adjusted with the operating income shown in the consolidated profit and loss statement.

3: The amount of 3,178 million yen in adjustment of segment-based assets primarily consists of loans to affiliated companies, long-term investment assets (investment securities), assets involved in the administrative departments and other items incurred by the head office of the parent company.

4: The amount of 149 million yen in adjustment for depreciation expenses primarily consists of depreciation amounts for the buildings, structures, and software of the head office of the company.

5: The amount of 237 million yen in adjustment for increased amount of the property, plant and equipment and intangible assets is primarily comprised of those for buildings and structures of the head office of the company and tools, furniture and fixtures, and software for a new system.

(Related Information)

Consolidated accounting period for the previous fiscal year (From October 1, 2011 to December 31, 2012)

1. Information about each product or service
   Information in this section is omitted because it is similar to information disclosed in the segment information section.

2. Information for geographical regions
   Information in this section is omitted, as we did not have any consolidated subsidiaries or offices located in foreign countries or regions outside of Japan.

3. Information about major customers
   The information in this section is omitted, as there is no single external customer representing 10.0% or more of net sales of the consolidated income statement.

Consolidated accounting period for the current fiscal year (From January 1, 2013 to December 31, 2013)

1. Information about each product or service
   Information in this section is omitted because it is similar to information disclosed in the segment information section.

2. Information for geographical regions
   Information in this section is omitted, as we did not have any consolidated subsidiaries or offices located in foreign countries or regions outside of Japan.

3. Information about major customers
   The information in this section is omitted, as there is no single external customer representing 10.0% or more of net sales of the consolidated income statement.

(Information concerning impairment loss on noncurrent assets or goodwill for each reporting segment)

Previous consolidated fiscal year (October 1, 2011 –December 31, 2012)

There are no relevant matters.

Current consolidated fiscal year (January 1, 2013– December 31, 2013)

In the “short-term operational support business,” impairment loss of noncurrent assets is recorded. Please note that the recorded amount of impairment loss in the fiscal year under review is 81 million yen (of which impairment loss of goodwill is 43 million yen).

(Information regarding the amount of amortization of goodwill and unamortized balance for each reporting segment)

Previous consolidated fiscal year (October 1, 2011 – December 31, 2012)

	Reporting segment		Total (million yen)	Whole companies and elimination (million yen)	Total (million yen)
	Short-term operational support business (million yen)	Security business (million yen)			
Balance at the end of the period	49	―	49	―	49

(Note) Information on amortization of goodwill is omitted as it is similar to information disclosed in segment information.

Current consolidated fiscal year (January 1, 2013– December 31, 2013)

	Reporting segment		Total (million yen)	Whole companies and elimination (million yen)	Total (million yen)
	Short-term operational support business (million yen)	Security business (million yen)			
Balance at the end of the period	―	―	―	―	―

(Note) Information on amortization of goodwill is omitted as it is similar to information disclosed in segment information.

(Information concerning gain on negative goodwill for each reporting segment)

Previous consolidated fiscal year (October 1, 2011 –December 31, 2012)

There are no relevant matters.

Current consolidated fiscal year (January 1, 2013– December 31, 2013)

There are no relevant matters.

(Per share information)

FY12/12 (From October 1, 2011 to December 31, 2012)		FY12/13 (From January 1, 2013 to December 31, 2013)	
Shareholders' equity per share	140.37 yen	Shareholders' equity per share	152.88 yen
Net income per share	37.08 yen	Net income per share	12.48 yen

Note: 1. Diluted net income per share for the fiscal year is not reported since there is no outstanding latent stock.

2: The Company, based on the decisions at the board of directors meeting held on May 24, 2013, split common shares at a ratio of 100 to one share with the effective date of July 1, 2013. Accordingly, for the purpose of calculating net assets per share and net income per share, it is assumed that the stock split was implemented at the beginning of the previous fiscal year.

3: The basis for calculating net income per share in the fiscal year under review is as follows.

Item	FY12/12 (From October 1, 2011 to December 31, 2012)	FY12/13 (From January 1, 2013 to December 31, 2013)
Net income (million yen)	1,427	480
Net income [basic] (million yen)	1,427	480
Net income not available to common stock (million yen)	—	—
Average number of common stock outstanding during the period (shares)	38,486,400	38,486,400

(Subsequent events)

There are no relevant matters.

5. Financial Statements

(1) Balance Sheet

(Million yen)

	FY12/12 end (December 31, 2012)	FY12/13 end (December 31, 2013)
ASSETS		
Current assets		
Cash and deposits	906	2,264
Supplies	10	9
Prepaid expenses	25	27
Short-term loans receivable from subsidiaries and affiliates	34	42
Current portion of long-term loans receivable from subsidiaries and affiliates	120	-
Accounts receivable-other	*1 211	*1 389
Income taxes receivable	140	242
Other	*1 6	*1 4
Allowance for doubtful accounts	-3	-44
Total current assets	1,450	2,933
Noncurrent assets		
Property, plant and equipment		
Buildings	98	103
Accumulated depreciation	-34	-47
Buildings, net	64	56
Tools, furniture and fixtures	151	161
Accumulated depreciation	-54	-93
Tools, furniture and fixtures, net	97	68
Construction in progress	-	1
Total property, plant and equipment	161	124
Intangible assets		
Software	200	306
Software in progress	171	-
Other	3	2
Total intangible assets	374	308
Investments and other assets		
Investment securities	56	52
Stocks of subsidiaries and affiliates	1,758	1,643
Long-term loans receivable from subsidiaries and affiliates	75	-
Investments in capital	0	0
Guarantee deposits	47	51
Insurance funds	14	14
Long-term prepaid expenses	2	0
Claims provable in bankruptcy, claims provable in rehabilitation and other	1	1
Allowance for doubtful accounts	-1	-1
Total investments and other assets	1,952	1,759
Total noncurrent assets	2,487	2,191
Total assets	3,936	5,124

(Million yen)

	FY12/12 end (December 31, 2012)	FY12/13 end (December 31, 2013)
LIABILITIES		
Current liabilities		
Short-term loans payable	*2 1,000	*2 1,000
Accounts payable-other	*1 322	*1 160
Accrued expenses	10	8
Income taxes payable	1	14
Accrued consumption taxes	14	5
Deposits received	3	2
Unearned revenue	*1 0	*1 1
Total current liabilities	1,351	1,191
Noncurrent liabilities		
Long-term guarantee deposited	*1 11	*1 7
Deferred tax liabilities	6	6
Asset retirement obligations	20	20
Total noncurrent liabilities	37	33
Total liabilities	1,387	1,224
Net assets		
Shareholders' equity		
Capital stock	2,780	2,780
Capital surplus		
Other capital surplus	7	-
Total capital surpluses	7	-
Retained earnings		
Other retained earnings		
Retained earnings brought forward	2,500	1,111
Total retained earnings	2,500	1,111
Treasury stock	-2,747	-
Total shareholders' equity	2,541	3,891
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	8	8
Total valuation and translation adjustments	8	8
Total net assets	2,549	3,900
Total liabilities and net assets	3,936	5,124

(2) Profit and Loss Statement

(Million yen)

	FY12/12 (From October 1, 2011 to December 31, 2012)	FY12/13 (From January 1, 2013 to December 31, 2013)
Operating revenue		
Consulting fee income	*1 1,178	*1 746
Commissions from subsidiaries and affiliates	970	1,279
Dividends from subsidiaries and affiliates	700	1.228
Total operating revenue	2.849	3,253
Operating expenses		
Directors' compensations	108	85
Salaries and bonuses	508	540
Commission fee	388	381
Depreciation	101	143
Other	559	730
Total operating expenses	1,664	1,879
Operating income	1,185	1,374
Non-operating income		
Interest income	7	1
Dividends income	0	1
Real estate rent	*1 39	*1 15
Rent income on facilities	*1 10	*1 5
Trademark fee income	*1 26	*1 4
Other	7	4
Total non-operating income	90	29
Non-operating expenses		
Interest expenses	20	8
Depreciation	11	4
Rent cost of real estate	39	15
Other	4	0
Total non-operating expenses	73	28
Ordinary income	1,201	1,375
Extraordinary income		
Gain on sales of investment securities	-	1
Gain on sales of subsidiaries and affiliates' stocks	-	125
Total extraordinary income	-	126
Extraordinary loss		
Loss on retirement of noncurrent assets	*2 5	*2 2
Loss on sales of investment securities	3	1
Loss on valuation of stocks of subsidiaries and affiliates	-	89
Provision of allowance for doubtful accounts	-	42
Total extraordinary losses	8	133
Income before income taxes	1,193	1,368
Income taxes-current	3	18
Income taxes-deferred	-2	-1
Total income taxes	1	18
Net income	1,192	1,350

(3) Statements of Shareholders' Equity

Accounting period for the previous fiscal year (From October 1, 2011 to December 31, 2012)

(Million yen)

	Shareholders' equity						
		Capital surplus		Retained earnings			
	Capital	Other capital surplus	Total capital surplus	Other retained earnings Retained earnings carried forward	Total retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of current period	2,780	7	7	1,308	1,308	-2,747	1,349
Changes of items during the period							
Net income				1,192	1,192		1,192
Net changes of items other than shareholders' equity							
Total changes of items during the period	-	-	-	1,192	1,192	-	1,192
Balance at the end of current period	2,780	7	7	2,500	2,500	-2,747	2,541

(Million yen)

	Valuation and translation adjustments		Total net assets
	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at the beginning of current period	4	4	1,352
Changes of items during the period			
Net income			1,192
Net changes of items other than shareholders' equity	4	4	4
Total changes of items during the period	4	4	1,196
Balance at the end of current period	8	8	2,549

Accounting period for the current fiscal year (From January 1, 2013 to December 31, 2013)

(Million yen)

	Shareholders' equity						
	Capital	Capital surplus		Retained earnings		Treasury stock	Total shareholders' equity
		Other capital surplus	Total capital surplus	Other retained earnings Retained earnings carried forward	Total retained earnings		
Balance at the beginning of current period	2,780	7	7	2,500	2,500	-2,747	2,541
Changes of items during the period							
Net income	-	-	-	1,350	1,350	-	1,350
Cancellation of treasury stock	-	-2,747	-2,747	-	-	2,747	-
Transfer of negative balance of other capital surplus	-	2,739	2,739	-2,739	-2,739	-	-
Net changes of items other than shareholders' equity							
Total changes of items during the period	-	-7	-7	-1,389	-1,389	2,747	1,350
Balance at the end of current period	2,780	-	-	1,111	1,111	-	3,891

(Million yen)

	Valuation and translation adjustments		Total net assets
	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at the beginning of current period	8	8	2,549
Changes of items during the period			
Net income	—	—	1,350
Cancellation of treasury stock	—	—	—
Transfer of negative balance of other capital surplus	—	—	—
Net changes of items other than shareholders' equity	1	1	1
Total changes of items during the period	1	1	1,351
Balance at the end of current period	8	8	3,900

(4) Notes on Financial Statements

(Concerning Notes about Going Concern Assumption)

There are no relevant matters

(Notes on balance sheet)

*1 Assets and liabilities vis-a-vis subsidiaries and affiliated companies

Various items that fall outside the scope of our itemized accounts are as follows

	FY12/12 end (December 31, 2012)	FY12/13 end (December 31, 2013)
Accounts receivable	210 million yen	389 million yen
Other	6 million yen	4 million yen
Accounts payable	74 million yen	88 million yen
Unearned revenue	0 million yen	1 million yen
Long-term guarantee deposited	11 million yen	7 million yen

*2 The Company signed an agreement for overdraft with four banks to procure operating capital efficiently. The balance of borrowing involved in the agreement for overdraft at the end of this fiscal year is as follows.

	FY12/12 end (December 31, 2012)	FY12/13 end (December 31, 2013)
Limit of overdraft account	2,600 million yen	2,600 million yen
Borrowing	1,000 million yen	1,000 million yen
Balance	1,600 million yen	1,600 million yen

(Notes on profit and loss statement)

*1 Various items that fall outside the scope of our itemized accounts are as follows

	FY12/12 (From October 1, 2011 to December 31, 2012)	FY12/13 (From January 1, 2013 to December 31, 2013)
Consulting fee income	1,178 million yen	746 million yen
Real estate rent	39 million yen	15 million yen
Rent income on facilities	10 million yen	5 million yen
Trademark fee income	26 million yen	4 million yen

*2 Significant components of loss on disposal of noncurrent assets

	FY12/12 (From October 1, 2011 to December 31, 2012)	FY12/13 (From January 1, 2013 to December 31, 2013)
Buildings	5 million yen	1 million yen
Tools, furniture and fixtures	—	0 million yen
Total	5 million yen	2 million yen

(Notes on changes in statement of shareholders' equity)

Fiscal year ended December 2012 (October 1, 2011 to December 31, 2012)

Matters concerning the type and the number of treasury stock

	Number of shares at the beginning of the current fiscal year	Increase in the number of shares during the fiscal year	Decrease in the number of shares during the fiscal year	Number of shares at the end of the fiscal year
Treasury stock Common stock (shares)	11,100	—	—	11,100
Total	11,100	—	—	11,100

Fiscal year ended December 2013 (January 1, 2013 to December 31, 2013)

Matters concerning the type and the number of treasury stock

	Number of shares at the beginning of the current fiscal year	Increase in the number of shares during the fiscal year	Decrease in the number of shares during the fiscal year	Number of shares at the end of the fiscal year
Treasury stock Common stock (shares)	11,100	1,098,900	1,110,000	—
Total	11,100	1,098,900	1,110,000	—

(Summary of increases)

The increase in the number of common shares of treasury stock was due to the split of common shares at a ratio of 100 to one share.

(Summary of decreases)

The decrease in the number of common shares of treasury stock was due to the cancellation of treasury stock, which was decided at a board of directors meeting.