Securities Report

for the Fiscal Year

Ended December 31, 2015

(The English Translation of the

“Yukashoken-Houkokusho”

for the Fiscal Year Ended December 31, 2015)

Fullcast Holdings Co., Ltd.

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[Form Submitted]	Securities Report
[Legal Basis]	Paragraph 1 of Article 24 of the Financial Instruments and Exchange Act
[Submitted To]	Director of the Kanto Local Finance Bureau
[Date Submitted]	March 28, 2016
[Fiscal Year]	23rd (January 1, 2015 to December 31, 2015)
[Company Name]	Fullcast Holdings Co., Ltd.
[Representative Name and Position]	Kazuki Sakamaki President, Representative Director and CEO
[Head Office Address]	8-9-5 Nishi Gotanda, Shinagawa-ku, Tokyo
[Phone Number]	03-4530-4831
[Business Contact]	Yasuomi Tomotake, General Manager of the Accounting and Finance Department
[Closest Contact]	8-9-5 Nishi Gotanda, Shinagawa-ku, Tokyo
[Phone Number]	03-4530-4831
[Business Contact]	Yasuomi Tomotake, General Manager of the Accounting and Finance Department
[Location to Submit to Inspection]	Tokyo Stock Exchange Group, Inc. (2-1 Nihonbashi Kabutocho, Chuo-ku, Tokyo)

Section 1 Corporate information

Part 1 Corporate overview

1. Trends in key performance indicators

(1) Consolidated performance indicators

Item		Term 19	Term 20	Term 21	Term 22	Term 23
Date of settlement		Sep. 2011	Dec. 2012	Dec. 2013	Dec. 2014	Dec. 2015
Net sales	(millions of yen)	34,316	36.896	17,462	20,175	22,618
Ordinary income	(millions of yen)	1,480	1,772	578	1,647	2,168
Net income	(millions of yen)	2,143	1,427	480	1,336	1,765
Comprehensive income	(millions of yen)	2,006	1,471	482	1,333	1,776
Net assets	(millions of yen)	3,931	5,402	5,884	6,678	7,530
Total assets	(millions of yen)	8,747	8,236	8,605	10,551	11,622
Net asset per share	(yen)	102.15	140.37	152.88	173.51	195.65
Net income per share	(yen)	55.68	37.08	12.48	34.70	45.85
Diluted net income per share	(yen)	—	—	—	—	—
Equity ratio	(%)	44.9	65.6	68.4	63.3	64.8
ROE	(%)	74.7	30.6	8.5	21.3	24.8
Price-earnings ratio	(multiples)	2.4	3.8	21.3	13.9	16.3
Net cash provided by (used in) operating activities	(millions of yen)	1,585	2,475	509	2,209	1,339
Net cash provided by (used in) investing activities	(millions of yen)	(173)	(189)	101	(154)	(296)
Net cash provided by (used in) financing activities	(millions of yen)	(2,952)	(1,461)	—	(535)	(921)
Cash and cash equivalents at the end of period	(millions of yen)	3,328	4,152	4,763	6,284	6,406
Number of employees (Other, average number of temporary workers)		519 (287)	489 (289)	452 (356)	446 (460)	474 (552)

Notes: 1. Net sales do not include consumption tax.

2. Diluted net income per share is not listed because there were no latent shares.

3. According to a resolution of the 19th annual general meeting of shareholders held on December 22, 2011, our Company changed its fiscal year end from September 30 to December 31. As a result, Term 20 was an irregular accounting period of 15 months from October 1, 2011 to December 31, 2012.

4. The Company split common shares at a ratio of 100 to one share on July 1, 2013. For the purpose of calculating net asset and income per share, it is assumed that the stock split was done at the beginning of the Term 19.

(2) Performance indicators for submitting companies

Term		Term 19	Term 20	Term 21	Term 22	Term 23
Date of settlement		Sep. 2011	Dec. 2012	Dec. 2013	Dec. 2014	Dec. 2015
Operating income	(millions of yen)	1,221	2,849	3,253	2,281	3,486
Ordinary income	(millions of yen)	731	1,201	1,375	410	1,593
Net income	(millions of yen)	1,251	1,192	1,350	489	1,831
Capital stock	(millions of yen)	2,780	2,780	2,780	2,780	2,780
Shares issued	(shares)	395,964	395.964	38,486,400	38,486,400	38,486,400
Net assets	(millions of yen)	1,352	2,549	3,900	3,849	4,757
Total assets	(millions of yen)	3,953	3,936	5,124	5,675	6,589
Net asset per share	(yen)	35.14	66.22	101.33	100.01	123.60
Dividend per share (Interim dividend per share)	(yen) (yen)	— (—)	— (—)	14.00 (—)	16.00 (—)	18.00 (8.00)
Net income per share	(yen)	32.49	30.98	35.09	12.70	47.57
Diluted net income per share	(yen)	—	—	—	—	—
Equity ratio	(%)	34.2	64.8	76.1	67.8	72.2
ROE	(%)	172.2	61.1	41.9	12.6	42.5
Price-earnings ratio	(multiples)	4.1	4.6	7.6	38.1	15.7
Payout ratio	(%)	—	—	39.9	126.0	37.8
Number of employees (Other, average number of temporary workers)		25 (1)	104 (13)	111 (65)	100 (96)	86 (122)

Notes: 1. Operating income does not include consumption tax.

2. Diluted net income per share is not listed because there were no latent shares.

3. According to a resolution of the 19th annual general meeting of shareholders held on December 22, 2011, our Company changed its fiscal year end from September 30 to December 31. As a result, Term 20 was an irregular accounting period of 15 months from October 1, 2011 to December 31, 2012.

4. The Company split common shares at a ratio of 100 to one share on July 1, 2013. For the purpose of calculating net asset and income per share, it is assumed that the stock split was done at the beginning of the Term 19.

2. Corporate history

Sep 1990	Established Resort World Co., Ltd. in Minato-ku, Tokyo
Sep 1992	Changed our corporate name to Fullcast Co., Ltd. (Currently Fullcast Holdings Co.,Ltb)
Oct 1992	Began short-term business contracting
Oct 1994	Moved our head office to Shibuya-ku, Tokyo
Jan 1995	Signed a franchise contract with Fullcast Osaka Co., Ltd., (Note) located in Chuo-ku, Osaka
Sep 1995	Established Seiwa Service Co., Ltd. (Note) in Shinjuku-ku, Tokyo
Jan 1996	Established Entry Co., Ltd. (Note) in Kodaira-shi, Tokyo
Oct 1997	Established Fullcast Lady Co., Ltd. (Note) (reorganized into a joint-stock company in Oct 1999)
May 1998	Changed the name of Kanagawa School Entrance Research Association Co., Ltd. to Fullcast With Co., Ltd.
Oct 1998	Fullcast With Co., Ltd. approved to conduct general worker dispatching
Jan 1999	Newly established a factory business section, and began factory-line contracting business Fullcast Lady Co., Ltd. (Note) approved to conduct general worker dispatching
Apr 1999	Fullcast With Co., Ltd. approved to engage in employment placement business
Jun 1999	Merged with Fullcast Osaka Co., Ltd. (Note), Entry Co., Ltd. (Note), Dual Support Co., Ltd. (Note)
Nov 1999	Established Fullcast System Consulting Co., Ltd. (Note)
Mar 2000	Established Fullcast HR Consulting Co., Ltd. (Note) and commenced business after acquiring Fullcast With Co., Ltd.'s personnel consulting department in April of the same year.
Sep 2000	Established Fullcast Factory Co., Ltd., and commenced business after acquiring the Factory department in October of the same year
Jun 2001	Listed shares on an Over-The-Counter Market (Currently Tokyo Stock Exchange JASDAQ, Standard)
Apr 2002	Established Fullcast Central Co., Ltd. by merging with Central Motor Co., Ltd. and Daisho Industry Co., Ltd. and began our factory-line contracting business that caters specifically to the automobile industry
Oct 2002	Fullcast With Co., Ltd. and Fullcast System Consulting Co., Ltd. merged, and their name was changed to Fullcast Technology Co., Ltd. Assumed part of Fullcast Lady Co., Ltd.'s business through an absorption-type split, Fullcast Lady Co., Ltd. specializing in office-type short-term business contracting and dispatching, and changed its name to Fullcast Office Support Co., Ltd. (Note)
Jan 2003	Fullcast Office Support Co., Ltd. (Note) approved to engage in employment placement business. Fullcast HR Consulting Co., Ltd. merged with Fullcast Office Support Co., Ltd. (Note)
Sep 2003	Listed shares on the Second Section of the Tokyo Stock Exchange
Jun 2004	Acquired 100% ownership of Apayours Co., Ltd. through stock swap
Jul 2004	Fullcast Technology Co., Ltd. approved to conduct general worker dispatching
Sep 2004	Moved to the First Section of the Tokyo Stock Exchange
Oct 2004	Established Fullcast Finance Co., Ltd.
Nov 2004	Approved to conduct general worker dispatching
Mar 2005	Acquired 100% ownership of Human Resources Research Institute Inc. (Note) through transfer of shares Acquired naming rights for Tohoku Rakuten Golden Eagles' home stadium, "Fullcast Stadium Miyagi" (in October 2007 we dissolved our contract, and declined use of the name)
Jun 2005	Established an American Depositary Receipt (ADR) Program

Oct 2005	Fullcast Office Support Co., Ltd. merged with Human Resources Research Institute Inc., and changed their name to Fullcast HR Institute Co., Ltd. (Note) Asia Pacific System Research Co., Ltd. became a subsidiary through a third party placement of stock and stock acquisition Fullcast Technology Co., Ltd. listed shares on an over-the-counter market (Currently Tokyo Stock Exchange JASDAQ, Standard)
May 2006	Acquired 100% ownership of Nihon Security Guard Co., Ltd. (Currently Fullcast Advance Co., Ltd., now a consolidated subsidiary) through transfer of shares
Jun 2006	Acquired 100% ownership of Exe Outsourcing Co., Ltd. (Currently F-PLAIN Corporation, now an equity method affiliate) through transfer of shares
May 2007	Acquired 100% ownership of Info-P Co., Ltd. through stock swaps
Jun 2007	Acquired 100% ownership of Net It Works, Inc. through transfer of shares
Jul 2007	Transferred all shares held in Apayours Co., Ltd. to its founder
Oct 2008	Transitioned to a pure holding company system through new division of corporate functions, and changed our corporate name Fullcast Holdings Co., Ltd., all business relating to sales performed by Fullcast HR Institute Co., Ltd. (Note)
Nov 2008	All shares held in Asia Pacific System Research Co., Ltd. transferred to Canon Electronics Inc. in a takeover bid
Mar 2009	Transferred all shares held in Info-P Co., Ltd.
May 2009	Transferred all shares held in Fullcast Finance Co., Ltd.
Jun 2009	Transferred all shares held in Fullcast Factory Co., Ltd. and Fullcast Central Co., Ltd.
Aug 2009	Transferred all shares held in Net It Works, Inc.
Jun 2010	Integrated head-office functions of the Company and all Group companies (excluding Fullcast Technology Co., Ltd., East Communication Inc.) (Currently F-PLAIN Corporation, now an equity method affiliate) and EKO-SYSTEM Inc. (Currently F-PLAIN Corporation, now an equity method affiliate)
May 2011	Fullcast Marketing Co., Ltd. (Currently F-PLAIN Corporation, now an equity method affiliate) was changed to an equity method affiliate due to a partial transfer of stock and allocation of its new stock to a third party. A takeover bid for Fullcast Technology Co., Ltd. (Currently YUME TECHNOLOGY CO. LTD.) was offered by Yumeshin Holdings Co., Ltd. and all owned shares were transferred.
Apr 2012	Acquired 100% ownership of OtetsudaiNetworks, Inc., (currently our consolidated subsidiary), through transfer of shares.
Oct 2012	With the implementation of the Revised Worker Dispatching Act, Fullcast Co., Ltd. and Top Spot Co., Ltd. started “part-time employment placement” and “part-time worker payroll management services.”

(Note) Currently Fullcast Co., Ltd. (now a consolidated subsidiary)

3. Description of business

Our Group is expanding its “short-term operational support business” (provision of timely short-term personnel services in response to changes in the amount of work at corporate customers) and the “security business” (provision of security services mainly for public facilities and corporations). 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 changed to services of “part-time employment placement” and “part-time worker payroll management.”

The following business segments are identical to the segments contained in segment information by type of business, listed in “Part 5 Financial conditions, 1 (1) Consolidated financial statements, notes.”

Short-term operational support business (short-term personnel service, event personnel service, part-time worker payroll management, My Number management service)

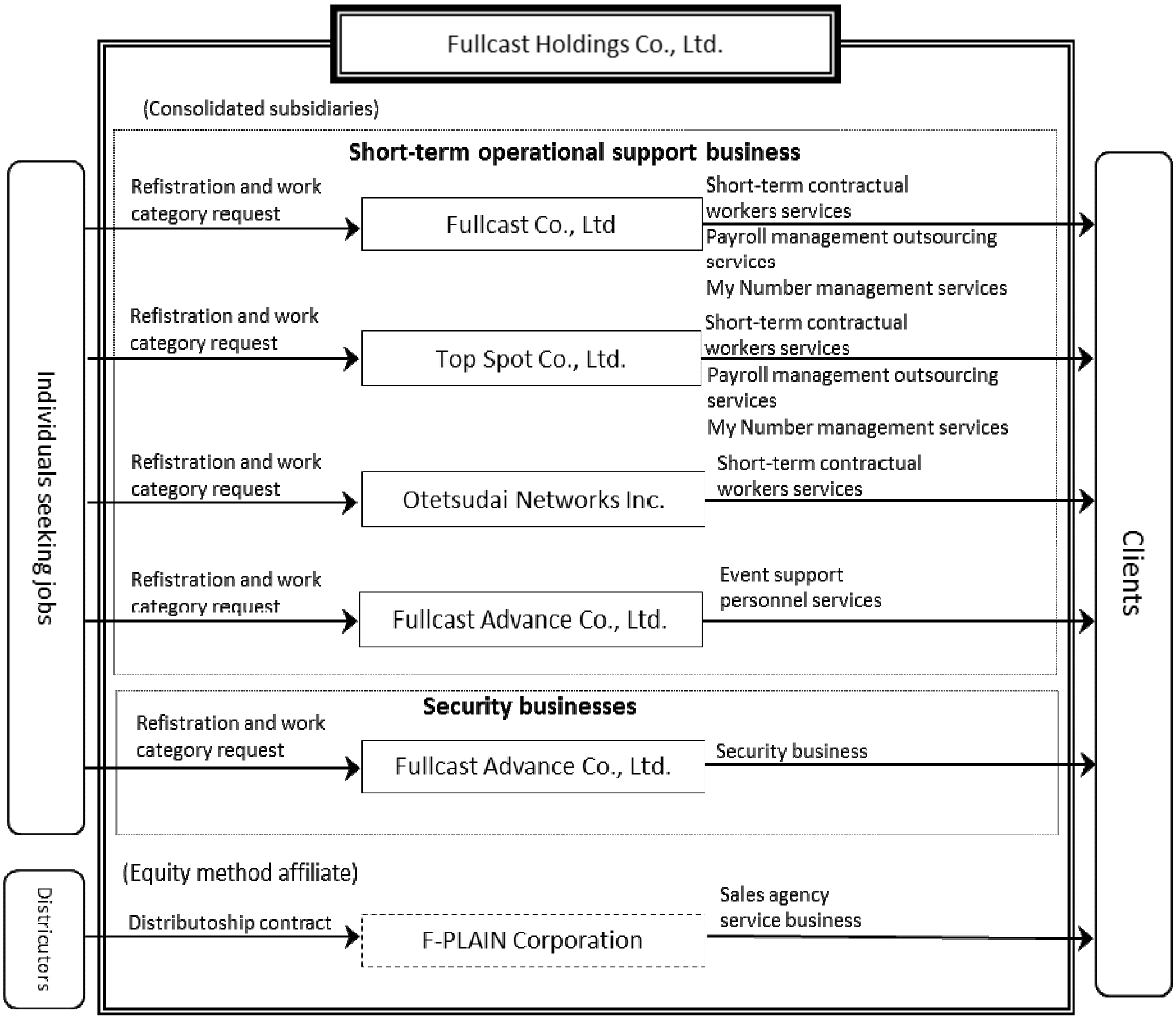
[Main companies] Fullcast Co., Ltd.
Top Spot Co., Ltd.
Fullcast Advance Co., Ltd.
OtetsudaiNetworks, Inc.

Security business

[Main companies] Fullcast Advance Co., Ltd.

Please note that Fullcast Holdings Co., Ltd. is a specified listed company falling under the categories of a specified listed company, de minimis standards for material facts concerning insider trading regulations will be judged based on consolidated data.

A Diagram of our business activities is shown below:



Note 1: The above diagram is current as of December 31, 2015.
Note 2: [double-lined box] is Fullcast Holdings Co., Ltd., [solid box] is a consolidated subsolidaty, and [dashed box] is an equity method affiliate.

4. Status of affiliate companies

Company	Location	Capital (millions of 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	- Sublet a part of our rented building to this company for office use - Provide services such as management advice, business outsourcing, and system lease - Concurrent directorates: 1 - Provides financial support: borrowing and lending operating capital
Top Spot Co., Ltd.	Shinagawa-ku, Tokyo	80	Short-term operational support business	100.0	- Provide services such as management advice, business outsourcing, and system lease - Concurrent directorates: 1 - 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	- Sublet a part of our rented building to this company for office use - 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	Company-wide	100.0	- Sublet a part of our rented building to this company for office use - Provide services such as business outsourcing, and system lease - Provide financial support: borrowing and lending operating capital
OtetsudaiNetworks Inc.	Shinagawa-ku, Tokyo	30	Short-term operational support business	100.0	- Sublet a part of our rented building to this company for office use - Provide services such as management advice, business outsourcing, and system lease - Concurrent directorates: 1 - Provide financial support: borrowing and lending operating capital
(Equity method affiliates) F-PLAIN Corporation	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 has 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 earnings information (Millions of yen)

	Fullcast Co., Ltd.	Fullcast Advance Co., Ltd.
Net sales	17,736	3,698
Ordinary income	1,581	32
Net income	968	44
Net assets	2,321	429
Total assets	4,504	1,028

5. Number of employees

(1) Status of consolidated companies

(As of Dec. 31, 2015)

Name of segment	Number of employees
Short-term operational support business	332 [408]
Security business	45 [15]
Company-wide (shared)	97 [129]
Total	474 [552]

Notes: 1. "Number of employees" is the number of employees engaged in work, and the approximate average yearly number of temporary employees, is listed within the parentheses.

2. The number of employees listed as "Company-wide (shared)" indicates the number of employees who belong to administrative departments that cannot be attributed to specific business segments.

(2) Status of the submitting company

(As of Dec. 31, 2015)

Number of employees	Average age (years old)	Average length of employment (years)	Average annual salary (thousands of yen)
86 [122]	35.0	7 years and 1 month	5,310

Notes: 1. "Number of employees" is the number of employees engaged in work, and the approximate yearly average number of temporary employees is listed within the parentheses.

2. "Average annual salary" includes bonuses and additional wages.

3. The Company's employees mainly handle management and planning related to the Fullcast Group, and they are categorized as company wide (shared).

4. The main reason for the increase in the number of temporary employees of 26 in the current fiscal year was the impact of the increased hiring of part-time workers for the reinforcement of the operational system for the new part-time worker payroll management service.

(3) Status of labor unions

No enterprise unions have been formed at the Company or Group. Regarding labor-management relations, there are no items worthy of special mention.

Part 2 State of business

1. Performance overview

(1) Performance

Despite weakness experienced in parts of Japan’s economy, it continued to undergo a steady recovery during the fiscal year under review on the back of improved corporate profits supported by the Government’s economic and financial stimulus programs. Despite lingering elements of uncertainty, future economic conditions are expected to continue to improve steadily in response to continued improvements in the employment and income environments and driven by the effects of various Government policies. And despite the United States’ push to normalize financial policy, the ongoing risk of economic slowing in China and other emerging countries in Asia could have a negative impact upon Japan’s economy.

With regards to the operating environment surrounding the staffing service industry, the job offers-to-applicants ratio and the unemployment rate continue to steadily improve. Furthermore, companies are suffering from severe labor shortages and they are adopting a more aggressive stance towards new hiring. In the future, labor shortages are expected to become even more pronounced.

Against this backdrop, the Fullcast Group promoted group management activities with the goal of establishing a business foundation to realize sustained growth, and implemented measures to reinforce its marketing structure and to further expand the number of customers using its part-time worker placement and part-time worker payroll management services during the fiscal year under review.

Consolidated net sales increased 12.1% year-on-year to 22,618 million yen. This sales growth is attributed primarily to initiatives to increase the number of customers, in addition to strong growth in both part-time worker placement and part-time worker payroll management services throughout the year, which were driven by the strategic allocation of marketing resources for these services.

In terms of profitability, consolidated operating income increased 42.4% year on year to 2,297 million yen on the back of higher sales, reduction in the SG&A ratio by 0.5% points, initiatives to improve operational efficiencies and an 8.0% year-on-year increase in gross profit per 1 yen of personnel costs.

Consolidated ordinary income increased 31.6% year on year to 2,168 million yen due in part to a 110 million yen loss booked on investments held on an equity method due mainly to losses on the sale of subsidiary shares incurred by F-Plain Corporation, an equity method affiliate, in the first quarter.

Consolidated net income rose 32.1% year on year to 1,765 million yen. This strong growth was driven by the higher sales and booking of 48 million yen in gains on the sales of investment securities realized from the transfer of investment securities held by Fullcast Holdings Co., Ltd. This helped to offset the 720 million yen of income taxes booked by the subsidiary Fullcast Co., Ltd. arising from an increase in taxable income.

Our Group considers the “sustained improvement of corporate value” as an important management objective. We will manage our business by focusing upon capital efficiency with a goal of achieving “improvements of corporate value” and realizing return on equity (ROE) in excess of our cost of capital, which reflects the expected returns by shareholders and investors from our company.

Although ROE at the end of this fiscal year was 24.8%, return on equity (hereinafter referred to as “adjusted return on equity” or “adjusted ROE”) based upon net income excluding the influence of income taxes-deferred arising from recording of deferred tax assets for loss carried forward (Hereafter referred to as “adjusted net income”) was 20.9%, an improvement of 1.6% points from 19.3% at the end of the previous fiscal year. We will continue our efforts to achieve adjusted ROE of 20% or higher, which is a target for “improvement of corporate value,” by further improving management efficiency to strengthen profitability of our part-time worker placement and part-time worker payroll management services, and by implementing efforts to achieve total shareholder return ratio (The sum of dividends and treasury shares) of 50% relative to adjusted net income.

Results by business

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

1) Short-term operational support business

Net sales of the short-term operational support business increased 12.4% year on year to 20,623 million yen. This growth is primarily attributed to an increase in the number of customers and strong growth seen in both part-time worker placement and part-time worker payroll management services throughout the year driven by the strategic allocation of marketing resources for these services.

With regards to profits, we recorded operating income of 2,818 million yen (up 34.0% year on year) due to growth in sales of our part-time worker placement and part-time worker payroll management services, and from successful efforts to reduce selling, general and administrative margin by 0.3% points.

2) Security business

Net sales of the security business grew by 9.3% year-on-year to 1,996 million yen on the back of an increase in the number of long-term and temporary manned security projects acquired during the year. Operating income was roughly the same as the previous year at 77 million yen as priority was given to training workers and to renovating aging facilities with an eye to our Company's future growth.

(2) Cash flows

At the end of the current fiscal year, cash and cash equivalents (hereafter referred to as "funds") increased by 122 million yen (compared with a 1,521 million yen increase in the previous year) from the end of the previous fiscal year to 6,406 million yen at the end of the current fiscal year.

(Net cash from operating activities)

A net cash inflow of 1,339 million yen (compared 2,209 million yen in funds provided in the previous year) was recorded in operating activities. The factors influencing this phenomenon was due to the inflow of booking income before taxes and minority interests of 2,209 million yen, depreciation and amortization of 224 million yen, an increase in accrued expenses of 82 million yen, and the outflow of a rise in notes and accounts receivable-trade of 323 million yen and income taxes paid of 845 million yen.

(Net cash from investing activities)

A net cash outflow of 296 million yen (154 million yen in funds used in the previous year) was recorded in investing activities due mainly to expenditures for purchase of property, plant and equipment of 250 million yen and for acquisition of intangible assets of 113 million yen. Income was booked from the sale of investment securities totaling 67 million yen.

(Net cash from financing activities)

A net cash outflow of 921 million yen (535 million yen in funds used in the previous year) was recorded in financing activities due to dividend payment of 921 million yen.

2. State of production, orders received and sales

(1) Results of production and orders received

The Company Group does not typically perform production activities, and due to the extremely short period from the acceptance of orders to the booking of sales in our short-term operational support business, we cannot display the scope of orders received as a monetary amount.

(2) Sales performance

Name of segment	FY12/15 (From January 1, 2015 to December 31, 2015) (millions of yen)	Change from the previous year (%)
Short-term operational support business	20,623	12.4
Security business	1,996	9.3
Total	22,618	12.1

Notes: 1. Consumption tax is not included in the amounts listed above.
2. Elimination is performed for intersegment transactions.

3. Issues to be addressed

Our Group formulated the "Medium Term Management Plan" that begins in the fiscal year ending December 2016 in order to realize "improvement of corporate value."

The main management issue for the fiscal year ending December 2016, which serves as the first fiscal year of this Plan, is to "increase profits by expanding core services and improving productivity."

1) Sustained Improvement of Corporate Value

As stated in (1) Performance under 1. Performance overview, we consider the "sustained improvement of corporate value" as one of our most important management issues. Accordingly, we will manage our businesses by focusing upon adjusted ROE through the maintenance of an appropriate level of shareholder equity while at the same time continuing to return profits to shareholders, in addition, to realizeing further expansion of profits in the "part-time worker placement" and "part-time worker payroll management" services, which are the major businesses of our Group.

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

2) Realization of the "Medium Term Management Plan (FY 2016 to 2020)"

In accordance with our five-year "Medium Term Management Plan (FY 2016 to 2020)" that begins in the fiscal year ending December 2016, our Group will work to realize the target "achieving new record high levels of profits in the final fiscal year of the Medium Term Management Plan."

An overview of the "Medium Term Management Plan (FY 2016 to 2020)" is presented below.

a) Term

Five year period beginning in the fiscal year ending December 2016 (fiscal year December 2016 to 2020)

b) Management philosophy and target

Management philosophy: "Providing the best place for people to bring out their best."

Target: "Achieve new record high levels of profits in the final fiscal year of the Medium Term

Management Plan”

c) Numerical targets

	FY ending Dec.2015 Results	FY ending Dec. 2020 Target	Rate of change
Operating income	2,300 million yen	5,000 million yen	116%
Number of operarting workers	165,304	257,400	56%
Gross profit per 1 yen of personnel costs	2.4 yen	2.8 yen	20%

d) Strategy to achieve targets of the final year of the Medium Term Management Plan

Short-term operational support business

“Increase market share while maintaining strict compliance”

・Strengthen ability to hire staff

・Strengthen business contacts with customers and organizational strengths

・Increase matching efficiencies through system automation

Security business

“Increase sales through business partnerships and actively efforts to capture orders for short-term projects”

・Capture special demand from the 2020 Tokyo Olympics

・Expand business opportunities through alliances

・Step up hiring by leveraging our corporate group’s collective strengths

New business ventures and global business

“Utilize contact points with customers/staff to cultivate new business”

“First encourage active utilization of global resources as a foothold to future global expansion”

e) Main management indicators

Indicators used to realize our vision of “enhancing sustained corporate value”: Maintain ROE above 20%

Indicator for shareholder returns: Total return ratio of 50%

Indicator underpinning our “Basic Policy on Capital”: Debt-to-equity ratio of less than 0.5x

We seek to achieve the above target indicators to realize our vision of “enhancing sustainable corporate value”

* The net income (net income after adjustments) used for ROE and Total Return Ratio excludes income taxes – deferred from the posting of deferred tax assets on losses carried forward.

3) Target for the fiscal year ending December 2016

Fullcast will continue to grow earnings of its entire Group by focusing upon the core part-time worker placement and part-time worker payroll management services, by increasing profitability through improvement of operational efficiencies, and by raising productivity in order to achieve the goal of “increasing profits by expanding core services and improving productivity” during fiscal year ending December 2016.

a) Increase hiring capacity and expand the number of operating workers

・Promote further use of and improve the flow from the online registration system to increase utilization rates of operating workers and increase our capacity to supply human resources.

・Continue to open new offices as part of our efforts to strengthen our hiring function.
・Enable staff to simultaneously register between operating companies, increasing the number of operating workers.

b) Continue opening new offices and establishing new companies
・Continue to open new offices in areas not covered by our current sales network and in areas where considerable market growth is expected
・Open between 6 to 10 offices during the fiscal year ending December 2016
・Establish new companies to engage in the short-term operational support business in a similar manner as Fullcast Co., Ltd. and Top Spot Co., Ltd., and expand this business by enhancing group synergies through staff hiring and sales activities

c) Strengthen BPO business
・Further grow part-time worker payroll management services by capturing packaged orders in conjunction with efforts to develop new customers for part-time worker placement services
・Achieve profitability in the "My Number management service" launched in October 2015
・Strengthen the BPO business to secure its position as a reliable business partner to corporate customers, and provide new services such as employee payroll, year-end tax adjustments and payroll calculation for short-term staff

4. Risks associated with 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, descriptions of risks may also include matters that do not necessarily fall under the category of business risks, but which may be regarded as important factors for investors in making investment decisions or understanding our Group's business activities. Our 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 potential risk factors which may occur in the future, and they are based on our best judgment as of the date of reporting of these financial statements.

1) Fullcast Group's policy for business growth

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

Within the short-term operational support business, we are engaging in a new business model that focuses upon both part-time worker placement and part-time worker payroll management services that respond to the Revised Worker Dispatching Act implemented on October 1, 2012. And in October 2015, we launched the "My Number management service" as our newest service offering. If this service's earnings do not progress according to forecasts, the performance of the Fullcast Group could be adversely affected.

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

If the laws and other related ordinances pertaining to the business operations of the Fullcast Group are revised or legal interpretations modified due to changes in societal conditions surrounding the labor market, these revisions or new legal interpretations could adversely affect the business performance of the Fullcast Group. Applicable laws include the Worker Dispatching Act, Labor Standards Act, Employment Security Act, Industrial Accident Compensation Insurance Act, Health Insurance Act, Employees Pension Insurance Act, and the Act on the Use of Numbers to Identify a Specific Individual for Administrative Procedures (My Number Act).

b) Part-time employment placement business

Our Group provides paid-for employment placement business under the license of Minister of Health, Labor and Welfare and in accordance with the Employment Security Act. This license is valid for 5 years. When renewal of the license becomes necessary but is not granted 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, the subsequent inability to continue to provide our services could seriously impact the performance of our Group.

c) Worker dispatching service

Our Group provides worker dispatching services under the license of Minister of Health, Labor and Welfare in accordance with the Worker Dispatching Act. If our Group becomes 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, our 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 and My Number management service

Because our Group conducts 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 upon the amount to be paid for damages, our Group’s earnings could be negatively influenced.

e) Onsite subcontracting service

As an onsite subcontracting service provider based on subcontracts, our Group completes its contracted work independently and directly at the client company of said contracts. In carrying out the work involved, we follow commonly accepted practices (as defined in Notice No. 37 of 1986 by Japan’s Ministry of Health, Labor and Welfare) that separates and distinguishes between the employee dispatching and the subcontracting businesses and other relevant laws and regulations.

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

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 could result in increased numbers of workers being enrolled in social insurance of 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 withdrawal 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 affected.

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, our Group manages a database that contains information on staff work attitudes and experiences by job classification, as well as similar information regarding our clients.

To be prepared for the eventuality of a malfunction of servers, our Group makes backup databases and servers themselves are operated in redundant configuration using 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, our Group's operations could be seriously impeded and our earnings may be negatively affected.

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, 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 affected by potential security breaches of personal information, and our Group could lose the trust of the public and become subject of 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, the client company may file a suit against us for breach of contract or demand other compensation in the event that our Company places a staff member who does not meet the recruitment requirements of the client company due to our negligence. Although our Group has a compliance system under which personnel in charge of legal affairs can handle various legal risks, our performance may be seriously affected by accidents depending upon their nature and the amount of money involved.

b) Employee dispatching service

In the event that a staff member is injured, becomes ill or dies in the course of performing business tasks or due to causes attributable to work at the dispatched workplace, 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.)

Our Group fortifies staff awareness of 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, our Group maintains an insurance program to pay agreed claims as comprehensive general liability insurance. However, should an accident not covered by this insurance occur, our Group could be forced to pay damages on the grounds of neglecting its duty to secure safety and to assume responsibility for any activity which is beyond the bounds of those stipulated in labor contracts.

In addition, our Group could be sued or pressured to make other payments on allegations of staff negligence, for violations of contracts with clients or for illegal activities of staff members in the course of performing business at the dispatched workplace. Although our Group maintains a compliance system under which personnel in charge of legal affairs handle various legal risks, our performance may be seriously affected by accidents depending upon their nature of the incident 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 adversely influence the various business segments of our Group.

5. Contracts of vital importance to management

There are no applicable items.

6. Research and development activities

There are no applicable items.

7. Analysis of financial position, operating results and cash flow status

The following statements may contain risk factors forecast for the future, although it is based on our best judgment as of the end of the current consolidated fiscal year.

(1) Financial position

1) Cash flows

Analysis of major details of cash flows is as outlined in "Part 2, State of business, 1. Performance overview, (2) Cash flows."

2) Liquidity

With regard to assets, current assets increased by 970 million yen from the end of the previous fiscal year to 10,191 million yen at the end of the current term. This increase is attributed mainly to increases in cash and cash deposits of 122 to 6,406 million yen, notes and accounts receivable-trade of 331 to 2,912 million yen, deferred tax assets of 278 to 463 million yen arising from the recognition of tax effects for deduction of losses carried forward, and other current assets of 242 million yen to 412 million yen due mainly to an increase in accounts receivable-other of 212 million yen to 229 million yen.

With regard to liabilities, current liabilities increased by 152 million yen from the end of the previous fiscal year to 3,611 million yen at the end of the current fiscal year. This increase was due mainly to increases in accounts payable-other of 88 to 607 million yen, accrued expenses of 82 to 738 million yen, and income taxes payable of 73 to 505 million yen. At the same time, accrued consumption taxes declined by 105 to 583 million yen.

As a result of the above factors, consolidated operating capital (current assets minus current liabilities) increased by 818 million yen from the end of the previous fiscal year to 6,580 million yen, and the consolidated current ratio (current assets divided by current liabilities multiplied by 100) increased to 282.2% from 266.6% at the end of the previous fiscal year.

3) Capital expenditures

Capital investments in the current fiscal year increased by 210 million yen year on year to 363 million yen. Our major investments included the acquisition of property, plant and equipment associated with the purchase of servers and systems of 216 million yen, the acquisition of property, plant and equipment associated with the new opening of worker registration centers and marketing offices of 25 million yen, and the acquisition of intangible assets associated with the purchase of various software for use within our Company of 113 million yen.

We do not have any concrete plans for capital investments during the fiscal year ending December 31, 2016 at this point.

4) Interest-bearing debt

The total value of interest-bearing debt at the end of the current fiscal year was 1,000 million yen, unchanged from the end of the previous fiscal year.

5) Net assets

Net assets at the end of the current fiscal year stood at 7,530 million yen, representing an 852 million yen increase from the end of the previous fiscal year. This increase is attributed to the 841 million yen increase in retained earnings due to the realization of 1,765 million yen in net income, and despite 924 million yen of dividends paid from retained earnings during the current fiscal year.

As a result of these events, our debt equity ratio (interest-bearing debt divided by equity capital (note) times 100) decreased from 15.0% at the end of the previous fiscal year to 13.3%, and equity ratio (interest-bearing debt divided by equity times 100) increased from 63.3% at the end of the previous fiscal year to 64.8%.

(Note) Equity capital = (total of the net assets section) – (stock subscription rights) – (minority interest)

6) Basic policy concerning profit allocation

We maintain a policy of enhancing returns of profits to shareholders with a target of achieving total return ratio of 50% relative to adjusted net income (*[1])

We will implement shareholder returns with a target of achieving total return ratio of 50% relative to adjusted net income by enhancing profitability and further improving management efficiencies, in addition to offering dividends and share buybacks. This will also enable us to achieve adjusted ROE (*[2]) of 20% or higher, which is an indicator used for “improvement of corporate value.”

A resolution was also passed at the February 12, 2016 meeting of the Board of Directors to provide a dividend of 18 yen per share for the current term, an increase of 2 yen from the previous year, based upon the target of achieving a 50% total return ratio relative to adjusted net income, and to carry out share buybacks totaling up to 100 million yen. As a result, the total return ratio for the fiscal year ended December 2015 is expected to be 53.2% or higher.

Note 1: Adjusted net income refers to net income excluding the influence of income taxes-deferred arising from recording deferred tax assets for loss carried forward.

2: Adjusted ROE refers to ROE calculated based on adjusted net income.

(2) Operating results

1) Net sales

Net sales grew from the previous fiscal year to 22,618 million yen (up by 12.1% year on year) on the back of a efforts to implement measures for increasing the number of customers and to strategically commit sales resources to part-time worker placement and part-time worker payroll management services, which led to the growth of both services throughout the year. We explain our results by business segment below.

- Short-term operational support business

For similar reasons as those for consolidated earnings, we recorded net sales of 20,623 million yen (up by 12.4% year on year), an increase of 2,274 million yen from the previous fiscal year.

- Security business

Net sales of security business increased by 170 million yen from the previous fiscal year to 1,996 million yen (up by 9.3% year on year).

2) Operating expenses and income

Cost of sales ratio decreased by 1.7 % points from 65.2% in the previous fiscal year to 63.5%, while cost of sales increased by 1,211 million yen from the previous fiscal year to 14,363 million yen (up by 9.2% year on year). Although selling, general and administrative expenses increased by 549 million yen from the previous fiscal year to 5,959 million yen (up by 10.1% year on year), its ratio to net sales decreased by 0.5% points from 26.8% in the previous fiscal year to 26.3%. As a result, operating income increased by 684 million yen from the previous fiscal year to 2,297 million yen (up 42.4% year on year). We explain our results by business segment below.

- Short-term operational support business

We recorded operating income of 2,818 million yen (up by 34.0% year on year) due to an increase in sales derived from a year on year expansion in our part-time worker placement and part-time worker payroll management services and from successful efforts to restrain selling, general and administrative margin to 0.3%.

- Security business

- Segment profits (operating income) totaled 77 million yen, roughly in line with the previous year, as priority was given to revamping training and equipment for job seekers and employed workers with a view to future business.

3) Non-operating income and loss and ordinary income

A net non-operating loss was 129 million yen, compared to income of 35 million yen in the previous fiscal year. Ordinary income increased by 521 million yen from the previous fiscal year to 2,168 million yen (up by 31.6% year on year).

4) Extraordinary income, extraordinary loss, and income before income taxes and minority interests

Net extraordinary income after deducting extraordinary loss was 41 million yen. As a result, income before income taxes and minority interests totaled 2,209 million yen (up by 34.2% year on year).

5) Income taxes and income before minority interests

Income taxes after tax-effect accounting is applied increased by 134 million yen from the previous fiscal year to 445 million yen, and income before minority interests totaled 1,765 million yen.

6) Net income

Net income for the current fiscal year increased by 429 million yen from the previous fiscal year to 1,765 million yen (up by 32.1%), and net income per share was 45.85 yen (34.70 yen for the previous fiscal year).

(3) Funding requirements and fund procurement

Our Group strives to utilize diverse financing methods, while adhering to our basic financial policy of maintaining suitable levels of liquidity and a sound financial position needed to stably conduct our business.

We believe that sufficient working capital and capital investment funds for maintaining and expanding our Group's business activities can be procured by using cash flow provided by operating activities and by borrowings from financial institutions.

In order to effectively procure working capital, the Company has concluded overdraft agreements with four banks for a maximum of 2,600 million yen.

Details regarding the status of our interest-bearing debt are contained in “Part 2, State of business, 7. Analysis of financial position, operating results and cash flows status (1) Financial position, 4) Interest-bearing debt.”

Part 3 State of equipment

1. Overview of capital investment

Capital investment in the current fiscal year was 363 million yen. The major components of our investments included the acquisition of property, plant and equipment assets associated with the purchase of servers and system equipment of 216 million yen, the acquisition of property, plant and equipment assets associated with the new opening of worker registration centers and marketing offices of 25 million yen, and intangible assets associated with the purchase of various software for use inside the company of 113 million yen.

2. State of major equipment

(1) Submitting companies

(As of Dec. 31, 2015)

Company name	Name of business office (Location)	Name of segment	Nature of equipment	Book-value (millions of yen)				Employees
				Buildings and structures	Machinery, equipment and Tools	Other	Total	
Fullcast Holdings Co., Ltd.	Head office (Shinagawa-ku, Tokyo)	Company-wide (shared)	Business office	41	229	322	592	86 [122]

Notes: 1. "Other" as contained in "book-value" refers to vehicles, construction in progress and software. All figures exclude consumption taxes.

2. "Employees" refers to staff engaged in work. The number of temporary employees is listed by the figures shown in parentheses, while the average yearly number of employees is listed by the figures outside of the parentheses.

3. Apart from those listed above, assets rented from parties other than consolidated companies are as outlined below (Amounts are annual rental charges, excluding parking).

(As of Dec. 31, 2015)

Name of business office (Location)	Name of segment	Nature of equipment	Yearly rental charge (millions of yen)
Head office (Shinagawa-ku, Tokyo)	Company-wide (shared)	Leased buildings	78
Company housing for employees	Company-wide (shared)	Leased buildings	15
Total	—	—	93

(2) Domestic subsidiaries

(As of Dec. 31, 2015)

Company name	Name of business office (Location)	Name of segment	Nature of equipment	Book-value (millions of yen)				Employees
				Buildings and structures	Machinery, equipment and Tools	Other	Total	
Fullcast Co., Ltd.	Head office (Shinagawa-ku, Tokyo)	Short-term operational support business	Business office, operating equipment	55	23	1	79	285 [319]
Top Spot Co., Ltd.	Head office (Shinagawa-ku, Tokyo)	Short-term operational support business	Business office, operating equipment	5	3	—	9	19 [49]
Fullcast Advance Co., Ltd.	Head office (Shinagawa-ku, Tokyo)	Security business, short-term operational support business	Business office, operating equipment	5	4	0	9	68 [48]
Fullcast Business Support Co., Ltd.	Head office (Shinagawa-ku, Tokyo)	Company-wide (shared)	Business office, operating equipment	—	1	0	1	11 [8]
OtetsudaiNetworks, Inc.	Head office (Shinagawa-ku, Tokyo)	Short-term operational support business	Business office, operating equipment	—	0	26	26	5 [6]
Total				66	31	26	123	388 [430]

Notes: 1. "Other" as contained in "book-value" refers to vehicles and software. All figures exclude consumption taxes.

2. "Employees" refers to staff engaged in work. The number of temporary employees is listed by the figures in parentheses, while the average yearly number of employees is listed by the figures outside of the parentheses.

3. Apart from those listed above, assets rented from parties other than consolidated companies are as outlined below (Amounts are annual rental charges, excluding parking).

(As of Dec. 31, 2015)

Company name	Name of business office (Location)	Name of segment	Nature of equipment	Yearly rental charge (millions of yen)
Fullcast Co., Ltd.	Head office, branches (Shinagawa-ku, Tokyo Other)	Short-term operational support business	Leased buildings	259
	Company housing for employees		Leased buildings	38
Top Spot Co., Ltd.	Head office, branches (Shinagawa-ku, Tokyo Other)	Short-term operational support business	Leased buildings	42
	Company housing for employees		Leased buildings	2
Fullcast Advance Co., Ltd.	Head office, branches (Shinagawa-ku, Tokyo Other)	Security business, short-term operational support business	Leased buildings	47
	Company housing for employees		Leased buildings	7
Fullcast Business Support Co., Ltd.	Head office (Shinagawa-ku, Tokyo)	Company-wide (shared)	Leased buildings	4
	Company housing for employees		Leased buildings	1
OtetsudaiNetworks, Inc.	Head office (Shinagawa-ku, Tokyo)	Short-term operational support business	Leased buildings	1
Total	—	—	—	401

3. Plans for creation and retirement of equipment

(1) New major equipment

There are no applicable items

(2) Major equipment retired

There are no applicable items

Part 4 Status of submitting companies

1. Status of shares

(1) Total number of shares, other information

1) Total number of shares

Type	Total number of issuable shares (shares)
Common stock (shares)	110,000,000
Total	110,000,000

2) Outstanding shares

Type	Number of shares issued by the end of the fiscal year (Dec. 31, 2015)	Number of shares issued at the date of submission (Mar. 28, 2016)	Name of exchange for listed financial instruments, or name of association trading registered and approved financial instruments	Description
Common stock	38,486,400	38,486,400	Tokyo Stock Exchange (the First section)	One unit of shares: 100 shares
Total	38,486,400	38,486,400	—	—

(2) State of new share subscription rights

There are no applicable items

(3) State of exercising of debenture stocks with new share subscription rights, with exercise-price amendments attached

There are no applicable items

(4) Description of rights plan

There are no applicable items

(5) Trends in total number of outstanding shares and capital stock

Date	Change in total number of outstanding shares (shares)	Balance on total number of outstanding shares (shares)	Change in capital stock (millions of yen)	Balance on capital stock (millions of yen)	Change in capital reserve (millions of yen)	Balance on capital reserve (millions of yen)
Jul. 1, 2013 *1	39,200,436	39,596,400	—	2,780	—	—
Dec. 20, 2013 *2	(1,110,000)	38,486,400	—	2,780	—	—

Notes: 1. On July 1, 2013, common shares were split at a ratio of 100 to one share, in accordance with the resolution at the board of directors meeting on May 24, 2013.

2. On December 20, 2013, treasury shares were retired in accordance with the resolution of the board of directors meeting on December 19, 2013.

(6)Shareholder ownership status

(As of Dec. 31, 2015)

Classification	Stock information (One unit of shares: 100 shares)								State of odd lots (shares)
	Government and local public organizations	Financial organizations	Financial commodity traders	Other corporations	Foreign corporations etc.		Individual and others	Total	
					Non-individual	Individual			
Shareholders	—	30	39	65	57	14	8,553	8,758	—
Shares held (unit)	—	46,156	15,858	196,062	42,359	86	84,323	384,844	2,000
Percentage of shares held (%)	—	11.99	4.12	50.95	11.01	0.02	21.91	100.00	—

Notes: 10 units are included in the "Other corporations" column under the name of Japan Securities Depository Center, Inc.

(7)Major shareholders

(As of Dec. 31, 2015)

Name	Address	Number of shares held	Percentage of shares held to total outstanding shares (%)
Hirano Associates Co., Ltd.	1-15-3 Dogenzaka, Shibuya-ku, Tokyo	12,831,300	33.3
Hikari Tsushin Co., Ltd.	1-4-10 Nishi Ikebukuro, Toshima-ku, Tokyo	4,850,600	12.6
Japan Trustee Services Bank, Ltd. (Trust account)	1-8-11 Harumi, Chuo-ku, Tokyo	1,428,400	3.7
GOLDMAN SACHS INTERNATIONAL (Standing proxy: Goldman Sachs Japan Co., Ltd.)	133 FLEET STREET, LONDON, EC4A 2BB U.K. (6-10-1 Minato-ku, Tokyo)	1,236,408	3.2
Ten Associates Co., Ltd.	1-15-3 Dogenzaka, Shibuya-ku, Tokyo	600,000	1.6
Daiki Associates Co., Ltd.	1-15-3 Dogenzaka, Shibuya-ku, Tokyo	600,000	1.6
CHASE MANHATTAN BANK GTS CLIENTS ACCOUNT ESCROW （Standing proxy: Settlement and Clearing Services Department, Mizuho Bank, Ltd.）	5th FLOOR, TRINITY TOWER 9, THOMAS MORE STREET LONDON, E1W 1YT, UNITED KINGDOM (4-16-13 Tsukishima, Chuo-ku, Tokyo)	554,055	1.4
Central Tanshi Co.,Ltd.	3-3-14 Hongokucho, Nihombashi, Chuo-ku, Tokyo	550,000	1.4
Anan Associates Co., Ltd.	1-15-3 Dogenzaka, Shibuya-ku, Tokyo	463,300	1.2
BNY GCM CLIENT ACCOUNT JPRD AC ISG (FE-AC) （Standing proxy: Mtsubishi UFJ Financial Group, Inc.)	PETRBOROUGH COURT 133FLEET STREET, LONDON, EC4A2BB UNITED KINGDOM (2-7-1 Marunouchi, Chiyoda-ku, Tokyo)	413,092	1.1
Total	—	23,527,155	61.1

(8)Voting rights

1) Outstanding shares

(As of Dec. 31, 2015)

Classification	Number of shares (Shares)	Number of voting rights (individual)	Description
Nonvoting shares	—	—	—
Shares with limited voting rights (treasury stock)	—	—	—
Shares with limited voting rights (other)	—	—	—
Shares with full voting rights (treasury stock)	—	—	—
Shares with full voting rights (other)	Common stock 38,484,400	384,844	—
Odd-lot shares	Common stock 2,000	—	—
Total number of outstanding shares	38,486,400	—	—
Voting rights of shareholders	—	384,844	—

Note: 1,000 shares (10 voting rights) are included in the “Shares with full voting rights (other)” column under the name of Japan Securities Depository Center, Inc.

2) Treasury stock

There are no applicable items

(9)Description of stock option scheme

There are no applicable items

2. Acquisitions of treasury stock

Class of shares Acquisition of common stock under Item 3 of Article 155 of the Companies Act

(1) Acquisitions based upon decisions made at the annual general meeting of shareholders
There are no applicable items

(2) Acquisitions based on decisions made at board of directors meetings

Classification	Number of shares (Shares)	Total cost (yen)
State of resolution by the board of directors (February 12, 2016) (Acquisition period: February 22, 2016 to June 23, 2016)	184,500	100,000,000
Treasury stock acquired the current fiscal year	—	—
Treasury stock acquired before the current fiscal year	—	—
Total number of shares of residual resolutions and total cost	—	—
Ratio of unexercised rights as of the last day of the current fiscal year (%)	—	—
Treasury stock acquired during the current period	148,500	99,957,100
Ratio of unexercised rights as of the date of submission of this report (%)	19.5	0.0

(3) Description of items not based on decisions made at either annual general meeting of shareholders or board of directors meetings
There are no applicable items.

(4) Handling and possession of treasury stock acquired

Classification	Current fiscal year		Current period	
	Number of shares (Shares)	Total amount disposed (yen)	Number of shares (Shares)	Total amount disposed (yen)
Acquired treasury stock for which a purchaser was solicited	—	—	—	—
Acquired treasury stock that was cancelled	—	—	—	—
Acquired treasury stock that was transferred due to a merger, share exchange or company split	—	—	—	—
Other(-)	—	—	—	—
Treasury shares in possession	—	—	148,500	—

3. Dividend policy

We maintain a policy of enhancing returns of profits to shareholders with a target of achieving total return ratio of 50% relative to adjusted net income (*[1]).

We will implement shareholder returns with a target of achieving total return ratio of 50% relative to adjusted net income by enhancing profitability and further improving management efficiencies, in addition to offering dividends and share buybacks. This will also enable us to achieve adjusted ROE (*[2]) of 20% or higher, which is an indicator used for "improvement of corporate value."

A resolution was also passed at the February 12, 2016 meeting of the Board of Directors to pay a dividend of 18 yen per share for the current term, an increase of 2 yen from the previous year, based on the target of achieving a 50% total return ratio versus adjusted net income, and to conduct share buybacks totaling up to 100 million yen. As a result, the total return ratio for the fiscal year ended December 2015 is expected to be 53.2% or higher.

We will use internal reserves in preparation for future business development and for improvement of in-house systems including system development and employee training in order to develop a solid business foundation for sustainable growth.

Note 1: Adjusted net income refers to net income excluding the influence of income taxes-deferred arising from recording deferred tax assets for loss carried forward.
2: Adjusted ROE refers to ROE calculated based on adjusted net income.

Note: The following is the dividend from retained earnings whose record date is in the current fiscal year.

Date of resolution	Total dividends (million yen)	Dividend per share (yen)
Resolution of Board of Directors on Aug. 7, 2015	308	8
Resolution of Board of Directors on Feb. 12, 2016	385	10

4. Trends in stock prices

(1)High and low stock prices by fiscal year for the past 5 (five) years

Term	Term 19	Term 20	Term 21	Term 22	Term 23
Settlement month	Sep. 2011	Dec. 2012	Dec. 2013	Dec. 2014	Dec. 2015
High (yen)	41,350	21,800	399	660	1,145
Low (yen)	3,425	11,800	139	209	441

Note: 1. High and low stock prices are those found in the First Section of the Tokyo Stock Exchange.
2. Due to the change of the settlement date, Term 20 covered an irregular 15 month period from October 1, 2011 to December 31, 2012.
3. On July 1, 2013, common shares were split at a ratio of 100 to one share, in accordance with the resolution of the board of directors meeting on May 24, 2013.

(2)High and low stock prices by month, for the past 6 (six) months

Month	Jul. 2015	Aug. 2015	Sep. 2015	Oct. 2015	Nov. 2015	Dec. 2015
High (yen)	1,145	1,116	934	877	852	814
Low (yen)	768	726	730	751	756	691

Note: High and low stock prices are those recorded by the First Section of the Tokyo Stock Exchange.

5. Officers

There are six male and zero female officers (ratio of officers who are female: 0.0%)

Official title	Job title	Name	Date of birth	Career summary		Term	Number of shares held
Director	Chairman	Takehito Hirano	Aug. 25, 1961	Apr. 1984 Jul. 1989 Sep. 1990 Jul. 2006 Sep. 2007 Dec. 2008 Dec. 2009 Mar. 2015	Joined Harvest Futures Inc. Established Kanagawa Shingaku Kenkyukai (currently YUME TECHNOLOGY CO., LTD.), and became Representative Director Established Resort World Co., Ltd. (currently Fullcast Holdings Co., Ltd.) and became Representative Director Representative Director of Fullcast Marketing Co., Ltd. (currently F-PLAIN Corporation) (present post) Director of the Company Director of Fullcast Technology Co., Ltd. (currently YUME TECHNOLOGY Co., Ltd.) Managing Director and Advisor of the Company Managing Director and Chairman of the Company (present post)	3*	—
Representative director	President CEO	Kazuki Sakamaki	Sep 30, 1970	Apr. 1989 Feb. 1995 Oct. 2005 Oct. 2007 Oct. 2008 Jun. 2009 Dec. 2011 Jan. 2013 Jan. 2014	Joined AI Tusho Co., Ltd Joined Fullcast Co., Ltd. (currently Fullcast Holdings Co., Ltd.) Representative director of Fullcast HR Institute Co., Ltd. (now Fullcast Co., Ltd.) Corporate Executive Officer, General Manager of the Business Engineering Department of Fullcast Co., Ltd. Corporate Executive Officer, General Manager of Tokai and Kansai Sales Department of Fullcast Co., Ltd. Representative Director of Fullcast Co., Ltd. Director of Fullcast Co., Ltd. President and Representative Director of Fullcast Co., Ltd. (present post) President, Representative Director and CEO of the Company (present post)	3*	89,086
Director		Takahiro Ishikawa	July 22, 1967	Sep. 1990 Sep. 2000 Apr. 2006 Jan. 2012 May. 2012 Dec. 2014 Mar. 2016	Senior Managing Director of Resort World Co., Ltd. (currently Fullcast Holdings Co., Ltd.) Representative Director of Fullcast Factory Co., Ltd. Representative Director of Fullcast Central Co., Ltd. Director of STARTLINE. Co., Ltd. (present post) Representative Director of Beat Co., Ltd. (present post) Representative Director of Beattech Co., Ltd. (present post) Director of the Company (present post)	3*	150,600
Director (Full-time Audit and Supervisory Committee Member)		Kouji Sasaki	August 2, 1945	Apr. 1966 Dec. 1984 Jun. 1995 Sep. 1995 Dec. 1999 Dec. 2004 Sep. 2008 Mar. 2016	Joined Tokyo Regional Taxation Bureau and worked in the general affairs division, before later working in tax offices Passed the tax accountant examination Retired as a special examiner at Nakano tax office Opened Sasaki Tax Accounting Office Outside Audit and Supervisory Board Member of the Company (present post) Outside Audit and Supervisory Board Member of Fullcast Technology Co., Ltd. (currently YUME TECHNOLOGY Co., Ltd.) Audit and Supervisory Board Member of Fullcast HR Research Institute Co., Ltd. (currently Fullcast Co., Ltd.) Director (Full-time Audit and Supervisory Committee Member) of the Company (present post)	4*	9,600
Director (Audit and Supervisory Committee Member)		Masataka Uesugi	July 31, 1965	Apr. 1995 Apr. 1999 Jun. 2003 Jun. 2003 Jun. 2004 Dec. 2012 Dec. 2013 Dec. 2014 Mar. 2015 Mar. 2016	Registered as an attorney-at-law (Tokyo Bar Association) Founded Uesugi Law Office Partner of Amlec Law and Accounting Firm Audit and Supervisory Board Member of Digital Arts Inc. (present post) Audit and Supervisory Board Member of Nextech Co., Ltd. Outside Audit and Supervisory Board Member of F-Plain Co., Ltd. Audit and Supervisory Board Member of Ceres inc. (present post) Audit and Supervisory Board Member of Aiming Inc. (present post) Founded Sakurada Dori Partners (Partner; present post) Director (Audit and Supervisory Committee Member) of the Company (present post)	4*	—
Director (Audit and Supervisory Committee Member)		Hideyuki Totani	January 5, 1979	Oct. 2003 Jun. 2007 Jul. 2007 Jun. 2013 Jul. 2014 Mar. 2016	Joined Ernst & Young ShinNihon LLC Registered as Certified Public Accountant Partner at Seiwa Audit Corporation (present post) Outside Audit and Supervisory Board Member of FPlain Co., Ltd. (present post) Outside Audit and Supervisory Board Member of Ichigo Holdings, Inc. (present post) Director (Audit and Supervisory Committee Member) of the Company (present post)	4*	—

Total	249,286

Notes: 1. The Company transitioned to a company with an Audit and Supervisory Committee as of March 25, 2016 when a resolution to change the Articles of Incorporation was passed at the annual general meeting of shareholders held on this same day.

2. Directors Kouji Sasaki, Masataka Uesugi and Hideyuki Totani are outside directors, as defined in Item 15 of Article 2 of the Companies Act.

3. The term of office for directors who are not Audit and Supervisory Committee Members is until the conclusion of the annual general meeting of shareholders for the year to December 2016.

4. The term of office for directors who are Audit and Supervisory Committee Members is until the conclusion of the annual general meeting of shareholders for the year to December 2017.

5. The Audit and Supervisory Committee is comprised of the following members: Chair Kouji Sasaki, Member Masataka Uesugi and Member Hideyuki Totani

6. The number of shares held by Representative Direcore Kazuki Sakamaki shows the effective number of shares held, including those in the directors shareholders association of Fullcast Holdings Co., Ltd.

6. Corporate governance

(1) Corporate governance

1) Corporate governance systems

A. Overview of corporate governance systems

Our Group considers the basic principles and aims of corporate governance to ensure transparent management for all concerned parties including shareholders as well as to improve the efficiency of management in order to realize “sustainable improvement of corporate value.”

The following is an overview of corporate structures

a) Board of directors meeting

It is our policy for the composition of the board of directors to include multiple outside directors (two or more) and to report all outside directors as independent ones as stipulated by the Tokyo Stock Exchange.

As of March 28, 2016, the board was comprised of three directors (excluding directors who are Audit and Supervisory Committee Members) and three directors who are Audit and Supervisory Committee Members (three of which are outside directors) for a total of six members (six males and no female). The board of directors ensures transparent management and makes decisions on matters of importance for management, such as supervision of execution of overall management of Our Group, decisions on Group optimization strategies that are vital to Group management, and responses to common challenges facing our Group.

b) Audit and Supervisory Committee

The Audit and Supervisory Committee consists of three outside directors who are independent and Audit and Supervisory Committee Members (three males and no female) and discusses, deliberates and makes decisions on important matters concerning audits. The Audit and Supervisory Committee also works to establish ties in which it can receive timely reports from accounting auditors.

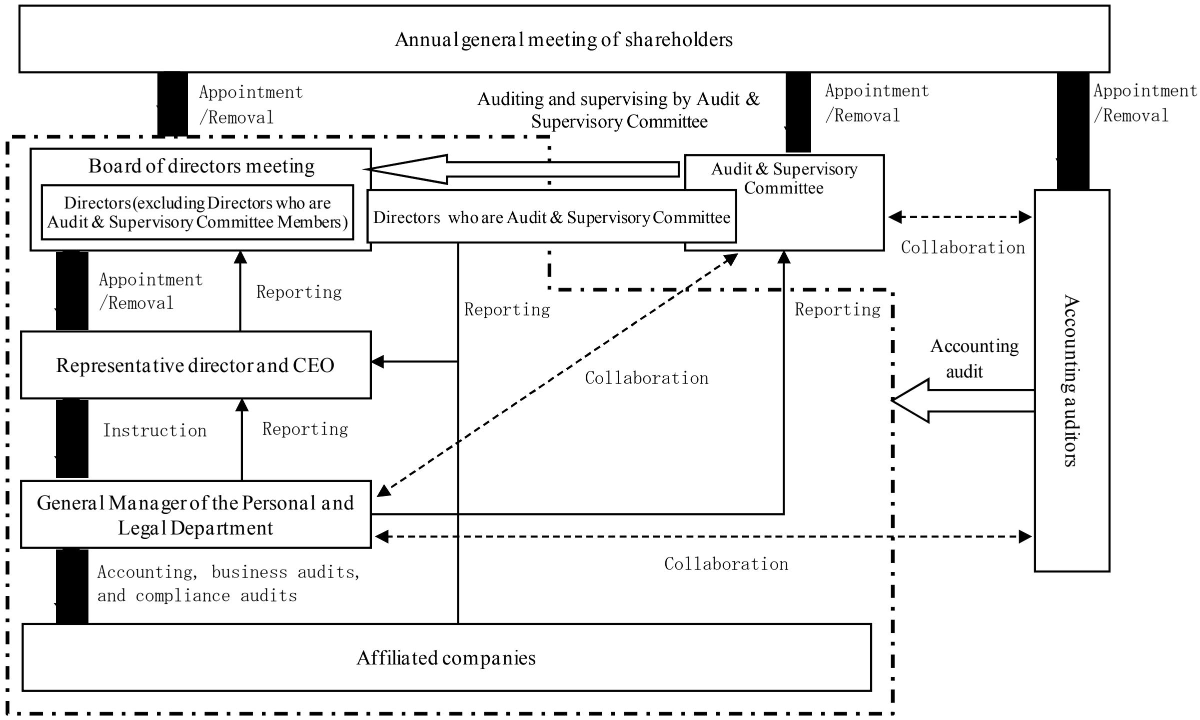
c) General manager of the personnel and legal department

The general manager of the personnel and legal department works to promote a climate of compliance awareness, which is a prerequisite for company management, throughout the entire group of companies, and to promote compliance with social and in-house rules. In addition, evaluation for improvement, maintenance and validity of the internal control system and guidelines related to financial reporting and internal auditing work including information security system organization are used to improve the corporate value of our Group.

d) Accounting auditors

As an auditing company in charge of accounting audits, we have entered into contracts with PricewaterhouseCoopers Aarata for audits based upon the Financial Instruments and Exchange Act and the Companies Act. In addition to regular audits, we also receive confirmation on issues regarding accounting and internal control as required, and endeavor to ensure that our accounting practices and internal control systems are adequate.

(Diagram of the Company’s corporate governance systems)



B. Reasons for corporate governance systems adoption

Fullcast Holdings Co., Ltd. transitioned from a company with a board of corporate auditors to a company with an Audit and Supervisory Committee after a resolution to make changes to the articles of incorporation including the transition to a company with an Audit and Supervisory Committee was passed at the 23rd general meeting of shareholders held on March 25, 2016.

As of March 28, 2016, Fullcast Holdings Co., Ltd. is a company with a board of directors meeting, which is comprised of six directors, including three directors (excluding those who are Audit and Supervisory Committee Members) and three directors who are Audit and Supervisory Committee Members, and also a company with an Audit and Supervisory Committee, which is comprised of three directors who are Audit and Supervisory Committee Members.

To achieve the aforementioned basic principles and goals of corporate governance, we have chosen outside directors as three of our six directors, and in so doing we aim to strengthen the supervisory function of overall enforcement from an external perspective.

Regarding directors who are Audit and Supervisory Committee Members, by appointing all three as outside auditors (one of them being a fulltime Audit and Supervisory Committee Member), we perform effective and appropriate oversight of business execution by directors, and have put in place a system that ensures objectivity and neutrality.

We believe that these systems allow our corporate governance to function properly.

C. Internal control systems

a) The following measures shall be taken in order to ensure a system of preventive measures regarding risk, compliance with laws and ordinances, and risk management (hereinafter, risk management system) at the board of directors meeting.
   i. For matters that can affect our entire company – such as important non-customary transactions, important accounting estimates, transactions with companies and directors, and important transactions with subsidiaries – decisions must be made by the board of directors.
   ii. The chief executive officer (hereinafter, CEO) regularly reports to the board of directors about

efforts being made for the risk management system and business process improvement. When serious problems arise, they are reported immediately to the board of directors meeting.

b) The following measures will be taken to ensure the risk management system is maintained in the performance of duties by directors (excluding directors who are Audit and Supervisory Committee Members) and employees (the same "risk management system" detailed in "a)")
   i. The CEO shall be placed as chief of risk management and the general manager of the personnel and legal department as the chief of risk management practices. Risk managers in charge of each Group company will be placed within the Company, while the general manager of the personnel and legal department, under the direction of the CEO, will supervise practices of "ii" through "vii."
   ii. Put in place administrative authority regulations, and work to establish internal control systems that will prevent authority from being concentrated in specific people.
   iii. Establish a risk management system based on these regulations in accordance with basic risk management regulations.
   iv. Create standards for important information that must be reported immediately to the board of directors and disclosure standards, to carry out timely disclosure of issues of noncompliance, risks and other important information.
   v. Provide specific training for directors (excluding directors who are Audit and Supervisory Committee Members), managerial employees and regular employees. In cases where relevant laws have been enacted or revised, or where major scandals or accidents have arisen in the Group or other companies, we quickly provide any necessary guidance.
   VI. With the rigorous risk management system in business management and internal auditing being conducted, through the risk managers placed within the Company who are in charge of each Group company, every effort shall be made to ensure thorough risk management system at each Group company.
   vii. In transactions throughout all of our businesses, processes established by financial statements, and business accounting systems, we check all events for the possibility of misstatements or mistakes, and streamline systems to ensure that no fraudulent actions are taken during the course of our business. Also, when and where necessary, we set up lateral organizations for the specific purpose of streamlining various processes.

c) We have adopted the following measures to put in place systems for storing and managing information.
   i. The general manager of the personnel and legal department will instruct directors (excluding directors who are Audit and Supervisory Committee Members) and employees to appropriately store and manage documents based on document management rules.
   ii. The general manager of the personnel and legal department shall store and manage materials relating to the following documents (including electromagnetic records) for at least ten years:
      (i) Minutes from annual general meeting of shareholders
      (ii) Minutes from board of directors meeting
      (iii) Financial documents
      (iv) Other documents determined by the board of directors meeting
   iii. Directors (excluding directors who are Audit and Supervisory Committee Members) and Audit and Supervisory Committee Members can always review documents in "ii" above.

d) The following measures shall be taken to ensure the efficient execution of duties of directors of Fullcast Holdings Co., Ltd. and the Fullcast Group.

i. At the beginning of initial board of directors meeting in each term, directors shall develop a business plan toward achieving the common goals of all employees. Directors shall regularly review the results with the board of directors.

ii. As a foundation for systems to ensure that work is being executed efficiently by directors, the board of directors meeting will in principle be held at regular one-month intervals, and extraordinary sessions will also be held whenever necessary.

iii. Regarding execution of work based upon decisions made at board of directors meeting, organizational rules, division of duties regulations, and administrative authority regulations, their responsibilities and execution procedures shall be decided.

e) The following measures shall be taken in order to develop a system for ensuring proper operations in the business group.

i. The Company shall draw up a Fullcast Group employee code of conduct for all Group companies, and work to gain compliance by all employees. As well as making ensuring compliance by the whole company, board directors at Group companies will also lead by example by acting based on this code of conduct.

ii. Where they have discovered serious legal violations by Group companies or other important facts concerning risk, directors and employees at Group companies must report to the general manager of the personnel and legal department, who shall in turn report them to the CEO. Under the direction of the CEO, the general manager of the personnel and legal department will conduct and supervise an audit of the reported facts, and where deemed necessary, will decide upon appropriate countermeasures.

Also, where necessary, the CEO shall report matters to the board of directors, and the general manager of the personnel and legal department shall report it to the Audit and Supervisory Committee.

iii. The general manager of the personnel and legal department will instruct the Group companies to put in place appropriate internal control systems.

f) The following measures shall be taken to develop a system for ensuring the effectiveness of audits carried out by auditors.

i. Where a request is made by an Audit and Supervisory Committee Members for an employee to be allocated to assist in their work, the Company’s employees shall be assigned to provide them with assistance. Audit and Supervisory Committee Member assistants shall not be subject to the direction of directors (excluding those who are Audit and Supervisory Commitee Members), and Audit and Supervisory Committee Members shall conduct their performance reviews. Consent must be gained from the Audit and Supervisory Committee to transfer or reprimand those employees assisting them.

ii. Audit and Supervisory Commitee Member’s assistants shall not jointly take on posts that involve execution of work.

iii. Where directors (excluding those who are Audit and Supervisory Committee Members) or employees of Fullcast Holdings Co., Ltd. or the Fullcast Group have discovered facts about legal violations or matters that may cause significant damage to the Company, they must promptly report these facts to an Audit and Supervisory Committee Member. Directors (excluding those who are Audit and Supervisory Committee Members) or employees of Fullcast Holdings Co., Ltd. or the Fullcast Group who report these matters shall be kept anonymous and persons who report these matters will not treated unfairly because they reported these matters.

iv. A whistleblower hotline will be set up outside the Company. Persons who use the whistleblower system will be kept anonymous and these individuals will not be treated unfairly because they used the whistleblower system. In addition, a system will be put in place to report information submitted to the whistleblower hotline outside the Company to the general manager of the personal and legal department and full-time Audit and Supervisory Committee Member.

v. Directors (excluding those who are Audit and Supervisory Committee Members) or employees of Fullcast Holdings Co., Ltd. or the Fullcast Group must report immediately to an Audit and Supervisory Committee Member if requested by an Audit and Supervisory Committee Member to report matters concerning the execution of business.

vi. Audit and Supervisory Committee Members can attend the board of directors meetings of subsidiaries and other meetings deemed necessary for audit purposes by and Audit and Supervisory Committee Member. In addition, Audit and Supervisory Committee Members can browse documents they determine as necessary for audit purposes.

vii. Audit and Supervisory Committee Members shall work closely with the accounting auditor and internal audit departments and can receive advice from outside experts such as an attorney, when necessary.

viii. When an Audit and Supervisory Committee Member requests the prepayment of expenses for carrying out their duties, the Company shall pay such costs or obligations immediately, excluding instances where deliberations with the department in charge determine that the costs or obligations related to the request are not necessary for the execution of the Audit and Supervisory Committee Member's duties.

g) The following measures shall be taken to develop a basic concept toward eliminating anti-social forces and to ensure its effectiveness.

i. The Company and Group companies shall act in accordance with the Fullcast Group Employee Code of Conduct, sever relations with anti-social forces, and not conduct any transactions with such forces.

ii. Information on anti-social forces shall be collected in-house, managed as well as used with information from external specialized agencies, which is in turn are used to determine whether or not the counterpart is anti-social.

iii. Unreasonable requests from anti-social forces shall be firmly rejected. Furthermore, the unreasonable demands shall be handled with a firm stance as an organization.

iv. Links with external specialized agencies shall be built in order to provide access to cooperation and appropriate advice on elimination of anti-social forces.

D. IR, other activities

The Company considers endeavors to ensure highly transparent management and timely and appropriate disclosure of corporate information to be of vital importance in gaining understanding and trust for our management.

The Company considers shareholders to be an important class of stakeholders and dates for shareholder related meetings, such as the annual general meeting of shareholders, are set at times that are conducive to enhancing constructive dialogue with shareholders and to providing information that is accurate to achieve this dialogue.

The Company holds briefings for institutional investors and analysts two times per year to promote constructive dialogue with investors within a reasonable scope outside of general meetings of shareholders from the perspective of contributing to sustainable growth and the medium- to long-term improvement of corporate value. The President and Representative Director CEO attends all briefings where they endeavor to engage in proactive dialogue with participants.

Furthermore, the Company has established a system for disclosing information equally to investors in Japan and overseas through its website.

The Company, through its initiatives, endeavors to be the most accountable company in the industry, and promotes discussions on corporate governance and important management policies with major shareholders who have an investment policy to realize returns over the medium to long term.

2) Internal audits and audits by Audit and Supervisory Committee

A. Internal audits

Internal audits are conducted based on internal audit regulations.

Regarding internal audit regulations, the functions of internal audits are to properly understand the company's property and operations from the standpoint of management analysis, and to contribute to the streamlining of management and increasing of its efficiency, and also to achieve effective communication and coordination in all of its operations. The general manager of the personnel and legal department is responsible for audits.

B. Audits by Audit and Supervisory Committee

All three Audit and Supervisory Committee Members on our Audit and Supervisory Committee are outside directors. Outside directors who are Audit and Supervisory Committee Members and include a tax accountant and a lawyer. As well as conducting audits from various expert standpoints, based upon standards for audits etc. by the Audit and Supervisory Committee, they also audit execution of work by directors, and state their opinions on matters such as appropriate operations and streamlining of operations.

3) Outside directors

A. Overview of outside directors' personal relationships, capital relationships and other concerns over business relationships

The shareholdings of our Company by our three outside directors are outlined below.

(As of Mar. 28, 2016)

Position in the Company	Name	Number of shares held
Full-time Audit and Supervisory Committee Members	Kouji Sasaki	9,600
Audit and Supervisory Committee Members	Masataka Uesugi	—
Audit and Supervisory Committee Members	Hideyuki Totani	—

There are no important business or personal relationships with outside directors.

B. Attitudes towards functions, roles and appointment of outside directors

we select outside directors based on the following thinking.

(Outside directors)

- Outside directors are selected from those who are judged to be qualified as having rich experience and special knowledge in governance, and indicating objectivity towards management, from the perspective of enhancing supervisory functions for overall execution of work and ensuring transparency of management.
- In order to meet the objectives of appointing outside directors, their independence is objectively judged in appointing new outside directors, in accordance with the judgment criteria for

independence of independent directors stipulated by the Tokyo Stock Exchange, Inc. and the standards for independence of outside directors created by the Company.

- When a corporate manager becomes an outside director, conflict of interest may arise in business transactions with the director's own company. Conflict of interest in individual cases shall be appropriately dealt with in the procedures of the board of directors.

(Reference) Standards for independence of outside directors

The Company has stipulated the following standards for determining the independence of the company's outside directors as part of its efforts to strengthen corporate governance.

Conditions of independence for independent officers

The Company's independent officers are outside directors as stipulated in the Companies Act and Ordinance for Enforcement of the Companies Act and they are persons who satisfy the following conditions, in addition to the conditions for independence set forth by financial instrument exchanges in Japan, including the Tokyo Stock Exchange.

1. Persons who do not fall into any of the following categories
   (1) A director who is not an executor of business or executor of business of the Company's parent company;
   (2) An executor of business of the Company's sister company;
   (3) An oragnizaiton for whom the Company or the Company's subsidiaries (hereinafter, "the Group") is the major customer or a person who executes the business of said organization;
   (4) A major customer of the Group or a person who executes the business of that major customer;
   (5) A consultant, accounting expert or legal expert who, in addition to director's remuneration receives money exceeding a certain amount or other assets from the Group (or an organization that receives the said assets or person who belongs to the said organization)
   (6) A person who fell into any of the categories described in (1) to (5) above in the last one year;
   (7) A relative of a person (excluding unimportant persons) who falls into any of the following categories (i) to (iii) within the second degree of the relationship:
      (i) A person who falls into any of the above categories (1) to (6);
      (ii) An executor of business for a subsidiary of the Company;
      (iii) A person who fell into (2) or was an executor of business for the Company in the last year.
2. Individuals who do not have other circumstances that prevents them from fulfilling their duties as independent officer.
3. Even when 1 or 2 above applies, an individual can still be appointed as independent officer if it is determined they effectively possess independence and the reason is explained and disclosed at the time of their appointment as outside officer.

(Notes) 1. An "executor of business" means a director in charge of business execution, an executive officer, or an employee.
2. A "major customer" means a company whose payments or receivables account for over 2% of annual consolidated sales of the Group within most recent business year.
3. "In addition to director's remuneration receives money exceeding a certain amount or other assets from the Group" means a person who received monetary proceeds of 10 million yen or more or interests with the equivalent value from the Group, in addition to director's remuneration, in the most recent business year.

Audit and Supervisory Committee Members Kouji Sasaki, Masataka Uesugi, and Hideyuki Totani, who are also outside directors, were appointed after being judged to be qualified as having rich experience in governance and specialist knowledge, and indicating objectivity towards management from the perspective of enhancing supervisory functions for the overall execution of work and ensuring transparency of management. The Company has appointed them as an independent officers (which refers to outside directors and outside auditors for whom there is no risk of conflict of interest with general shareholders), which the Tokyo Stock Exchange stipulates as a "matter to be observed" under the Corporate Code of Conduct. The Company has also notified the stock exchange of their appointment.

Koji Sasaki maintains the qualification of professional tax accountant, Masataka Uesugi as attorney-at-law, and Hideyuki Totani as certified public accountant.

C. Overview of contracts signed with outside directors who are Audit and Supervisory Committee Members, as stipulated in Paragraph 1 of Article 427 of the Companies Act.

Based on Item 1 of Article 427 of the Companies Act, the Company and our outside directors who are Audit and Supervisory Committee Members have signed a limited liability contract concerning liability for damages under Item 1 of Article 423 of the Companies Act. Based upon this contract, where work has been performed in good faith and without gross negligence, the maximum amount of damages that the Company is liable for is the total minimum liability stipulated in Item 1 of Article 425 of the Companies Act.

D. Supervision and audits by outside directors who are Audit and Supervisory Committee Members, mutual cooperation with audits by internal, Audit and Supervisory Committees, and accounting audits, and relationships between the internal control department and those members.

In board of directors meetings, outside directors who are Audit and Supervisory Committee Members provide necessary comments for resolutions and discussions as required, and state opinions on resolutions and discussions as the need arises from the perspective of decision-making processes used in execution of duties by directors (excluding Audit and Supervisory Committee Members) and in corporate resolutions.

Audit and Supervisory Committee Members and the internal audit department work towards mutual cooperation through formulation of audit plans and reporting on outcomes of internal audits. In the future, a structure will be established whereby Audit and Supervisory Committee meetings audit plans and detailed explanations on audit plans are carried out in a timely manner by PricewaterhouseCoopers Aarata, the Company's accounting auditor.

The internal control department (the personnel and legal department) summarizes findings from effectiveness assessments on the state of operation and maintenance of internal controls. The representative director and CEO then report the summarized findings to the board of directors meetings, the Audit and Supervisory Committee and accounting auditor as required in a timely manner. Even in cases where there dishonest actions have been committed by people with roles that are crucial for internal control as part of financial reporting, or where major changes have been made in internal control, they still report to the board of directors meeting, the Audit and Supervisory Committee and accounting auditors as required in a timely manner.

4) Directors' and auditors' remuneration

A. Total amount of remuneration by officer classification, total amount by type of remuneration, and number of officers covered, for submitting companies

Classification	Total amount of remuneration (millions of yen)	Total amount by type of remuneration (millions of yen)				Number of officers covered
		Basic remuneration	Stock options	Bonuses	Retirement benefits	
Directors (excluding outside directors)	47	47	—	—	—	2
Auditors (excluding outside auditors)	—	—	—	—	—	—
Outside officers	27	27	—	—	—	5

B. Total amount of consolidated remuneration for each officer of submitting companies

Not listed, as there is no one for whom the total amount of consolidated remuneration exceeds 100 million yen.

C. Important items among employee bonuses for people working jointly as employees and officers

There are no applicable items

D. Policy concerning decisions on officer remuneration amounts

It is stated in the articles of incorporation that officers' remuneration is based upon decisions made at the annual general meeting of shareholders. The Company decides on the amount of remuneration for executive officers once each year, and in particular for the President and Representative Director CEO these amounts reflect both the degree of responsibility and results in business performance, and must be within the range of remuneration limits determined at the 23rd annual general meeting of shareholders held on March 25, 2016.

The remuneration of directors (excluding those who are Audit and Supervisory Committee Members) is determined individually based on deliberations at meetings of the board of directors, which is comprised of half independent outside directors, in order to ensure transparency. The remuneration of directors who are Audit and Supervisory Committee Members is determined individually based on deliberations by the Audit and Supervisory Committee.

5) Possession of shares

The following shows the status of Fullcast Holdings Co., Ltd., which is the company with the highest balance sheet amount for investment shares amongst the Company and its consolidated subsidiaries (highest holding company).

A. Investment shares that are held for purposes other than net investment purposes

Number of different stock: 5

Total value recorded in balance sheets: 30 million yen

B. Stocks, holding type, number of shares, balance sheet amount and holding purpose of investment shares not held for net investment purposes

(Previous fiscal year)

Special stock

Stock	Number of shares	Amount recorded in balance sheets (millions of yen)	Purpose held for
Saint Care Holding Corporation	12,000	14	For maintaining and strengthening relations

(Current fiscal year)

Special stock

Stock	Number of shares	Amount recorded in balance sheets (millions of yen)	Purpose held for
Saint Care Holding Corporation	12,000	15	For maintaining and strengthening relations

C. Investment shares held for net investment purposes

There are no applicable items

The following shows the status of Fullcast Advance Co., Ltd., which is the next largest company shares recorded in the balance sheet as investment stocks (booked amount of investment stocks) after the largest held by the Company and its consolidated subsidiaries.

A. Investment shares that are held for purposes other than net investment purposes

Number of different stock: 3

Total value recorded in balance sheets: 29 million yen

B. Stock, holding type, number of shares, balance sheet amount and holding purpose of investment shares not held for net investment purposes

(Previous fiscal year)

Special stock

Stock	Number of shares	Amount recorded in balance sheets (millions of yen)	Purpose held for
LIFE CORPORATION	4,259	7	For maintaining and strengthening relations
MARUI GROUP CO.,LTD	2,741	3	For maintaining and strengthening relations

(Current fiscal year)

Special stock

Stock	Number of shares	Amount recorded in balance sheets (millions of yen)	Purpose held for
LIFE CORPORATION	4,433	13	For maintaining and strengthening relations
MARUI GROUP CO.,LTD	2,741	5	For maintaining and strengthening relations

C. Investment shares held for net investment purposes

There are no applicable items

6) Accounting audits

A. Names of certified public accountants who performed accounting audits for the company, and names of auditing companies to which they belong

Takayuki Ikenoue (PricewaterhouseCoopers Aarata)

He has been continuously involved with us for one year.

Yoshiyuki Ohashi (PricewaterhouseCoopers Aarata)

He has been continuously involved with us for four years.

B. Audit assistants

Certified public accountants: 6

Other: 7

7) Resolution matters for annual general meeting of shareholders that can be decided upon at the board of directors meetings

In the articles of incorporation, it is stipulated that the Company may decide on the following matters at board of directors meetings, regardless of decisions made at annual general meeting of shareholders.

A. It may acquire of treasury stock

To be able to improve capital efficiency and increase returns to shareholders

B. It may pay dividends from retained earnings

To be able to implement flexible capital and dividend policies

C. It may pay interim dividends

To be able to implement flexible capital and dividend policies

D. According to decisions made by the board of directors meeting, it may be exempt from liability for damages, to the limit of the law, for directors and Audit and Supervisory Committee Members (including former directors, former Audit and Supervisory Committee Members, and audit and supervisory board members) resulting from negligence of duty

To be able to adequately conduct the roles that are expected to be performed in normal course of business.

8) Number of directors

It is stipulated in the articles of incorporation that there are to be no more than ten directors (excluding directors who are Audit and Supervisory Committee Members) and no more than four directors who are Audit and Supervisory Committee Members at the Company.

9) Decision requirements for appointment of directors

Regarding decisions to appoint directors, it is stipulated in the articles of incorporation that shareholders with at least 1/3 of shareholders' voting rights, and who can exercise voting rights, must be present, and that the Company requires the majority of these voting rights to be exercised.

Regarding appointments of directors through cumulative voting, it is stipulated in the articles of incorporation that voting must not be done through cumulative voting.

10) Special decision requirements for annual general meeting of shareholders

Our Company endeavors to smoothly conduct the annual general meetings of shareholders. And regarding special decision requirements for annual general meetings of shareholders as stipulated in Item 2 of Article 309 of the Companies Act, it is stipulated in the articles of incorporation that shareholders with at least 1/3 of shareholders' voting rights and who can exercise voting rights, must be present, and that the Company requires 2/3 of these voting rights to be exercised.

(2) Details of audit remuneration and other information

1) Details of remuneration for audit-certified public accountants and other information

Classification	Previous consolidated fiscal year		Current consolidated fiscal year	
	Remuneration based on audit certification work	Remuneration based on non-auditing work	Remuneration based on audit certification work	Remuneration based on non-auditing work

	(millions of yen)	(millions of yen)	(millions of yen)	(millions of yen)
Submitting companies	18	—	22	—
Consolidated subsidiaries	—	—	—	—
Total	18	—	22	—

2) Details of other significant remuneration

There are no applicable items

3) Details of non-auditing work for submitting companies by audit-certified accountants, etc.

There are no applicable items

4) Policy for determining audit remuneration

At our Company, we determine audit remuneration after consideration of factors such as audit-certified accountants’ audit plans, audit contents and audit days.

Part 5: Financial conditions

1. Regarding preparation methods for consolidated and non-consolidated financial statements

(1) The Company's consolidated financial statements are prepared based on "Regulations for Terminology, Forms, and Preparation Methods of Consolidated Financial Statements" (Ministry of Finance Decree No. 28, 1976).

(2) The Company's financial statements are prepared based on "Regulations for Terminology, Forms and Preparation of Financial Statements" (Ministry of Finance Decree No. 59, 1963, hereinafter referred to as the "Regulations for Financial Statements.").

The company falls under the companies submitting special consolidated financial statements, and prepares financial statements in accordance with the provisions of the Article 127 of the Regulations for Financial Statements.

2. Regarding audit certification

Based on Item 2, Paragraph 1 of Article 193 of the Financial Instruments and Exchange Act, the Company underwent audits from PricewaterhouseCoopers Aarata for consolidated financial statements of the current consolidated fiscal year (from January 1, 2015 to December 31, 2015) and for financial statements of the current fiscal year (from January 1, 2015 to December 31, 2015).

Additionally, Aarata Audit Corporation, the accounting audit from which the Company has obtained audit certification from, changed its name to PricewaterhouseCoopers Aarata effective July 1, 2015.

3. Regarding special initiatives for ensuring the adequacy of consolidated financial statements

The Company engages in special initiatives for ensuring the adequacy of consolidated financial statements. Specifically, we have joined the Financial Accounting Standards Foundation to properly understand the details of accounting standards, and to respond appropriately to changes in these. Furthermore, we have put in place systems for receiving information from companies specializing in disclosure on both a regular and occasional basis.

1. Consolidated financial statements

(1) Consolidated financial statements

1) Consolidated balance sheet

(Millions of yen)

	FY12/14 end (December 31, 2014)	FY12/15 end (December 31, 2015)
Assets		
Current assets		
Cash and deposits	6,284	6,406
Notes and accounts receivable-trade	2,581	2,912
Merchandise	2	5
Supplies	19	13
Deferred tax assets	185	463
Other	170	412
Allowance for doubtful accounts	(19)	(19)
Total current assets	9,221	10,191
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	285	303
Accumulated depreciation and impairment loss	(169)	(196)
Buildings and structures, net	116	107
Machinery, equipment and vehicles	5	5
Accumulated depreciation and impairment loss	(4)	(5)
Machinery, equipment and vehicles, net	1	1
Tools, furniture and fixtures	462	629
Accumulated depreciation and impairment loss	(336)	(369)
Tools, furniture and fixtures, net	126	260
Construction in progress	1	10
Total property, plant and equipment	245	377
Intangible assets		
Software	298	338
Other	24	22
Total intangible assets	322	359
Investments and other assets		
Investment securities	*1 467	*1 351
Guarantee deposits	264	288
Deferred tax assets	4	2
Other	68	88
Allowance for doubtful accounts	(40)	(33)
Total investments and other assets	763	695
Total noncurrent assets	1,330	1,431
Total assets	10,551	11,622

(Millions of yen)

	FY12/14 end (December 31, 2014)	FY12/15 end (December 31, 2015)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	4	5
Short-term loans payable	*2 1,000	*2 1,000
Accounts payable-other	519	607
Accrued expenses	656	738
Income taxes payable	431	505
Accrued consumption taxes	688	583
Other	160	174
Total current liabilities	3,459	3,611
Noncurrent liabilities		
Net defined benefit liability	359	422
Asset retirement obligations	38	38
Deferred tax liabilities	5	7
Other	13	14
Total noncurrent liabilities	414	482
Total liabilities	3,873	4,093
Net assets		
Shareholders' equity		
Capital stock	2,780	2,780
Capital surplus	2,006	2,006
Retained earnings	1,886	2,727
Total shareholders' equity	6,672	7,513
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	6	17
Total accumulated other comprehensive income	6	17
Total net assets	6,678	7,530
Total liabilities and net assets	10,551	11,622

2) Consolidated profit and loss statement and consolidated statement of comprehensive income

Consolidated profit and loss statement

(Millions of yen)

	FY12/14 (From January 1, 2014 to December 31, 2014)	FY12/15 (From January 1, 2015 to December 31, 2015)
Net sales	20,175	22,618
Cost of sales	13,152	14,363
Gross profit	7,023	8,256
Selling, general and administrative expenses		
Salaries and bonuses	1,797	1,859
Other salaries	776	920
Legal welfare expenses	365	407
Retirement benefit expenses	82	102
Communication expenses	169	187
Advertising expenses	17	39
Traveling and transportation expenses	249	270
Rents	468	524
Depreciation	170	220
Recruitment expense	312	397
Provision of allowance for doubtful accounts	3	6
Other	1,002	1,029
Total selling, general and administrative expenses	5,410	5,959
Operating income	1,613	2,297
Non-operating income		
Interest income	1	1
Dividends income	1	1
Share of profit of entities accounted for using equity method	46	—
Reversal of accounts payable	9	3
Insurance income	3	4
Other	12	10
Total non-operating income	72	20
Non-operating expenses		
Interest expenses	8	8
Damage compensation expenses	5	3
Settlement package	14	8
Equity in losses of affiliates	—	110
Other	10	19
Total non-operating expenses	37	148
Ordinary income	1,647	2,168

(Millions of yen)

	FY12/14 (From January 1, 2014 to December 31, 2014)	FY12/15 (From January 1, 2015 to December 31, 2015)
Extraordinary income		
Gain on sales of investment securities	—	48
Other	*1 0	*1 0
Total extraordinary income	0	48
Extraordinary loss		
Loss on retirement of noncurrent assets	*3 0	*3 6
Loss on valuation of investment securities	1	—
Other	*2 0	*2 0
Total extraordinary losses	2	6
Income before income taxes and minority interests	1,646	2,209
Income taxes-current	465	720
Income taxes-deferred	(155)	(276)
Total income taxes	310	445
Income before minority interests	1,336	1,765
Net income	1,336	1,765

Consolidated statement of comprehensive income

(Millions of yen)

	FY12/14 (From January 1, 2014 to December 31, 2014)	FY12/15 (From January 1, 2015 to December 31, 2015)
Income before minority interests	1,336	1,765
Other comprehensive income		
Valuation difference on available-for-sale securities	(1)	6
Share of other comprehensive income of entities accounted for using equity method	(2)	5
Total other comprehensive income	* (3)	* 11
Comprehensive income	1,333	1,776
Comprehensive income attributable to		
Comprehensive income attributable to owners of the partner	1,333	1,776
Comprehensive income attributable to minority interests	—	—

3) Consolidated statements of shareholders' equity

Accounting period for the previous fiscal year (From January 1, 2014 to December 31, 2014)

(Millions of yen)

	Shareholders' equity				Accumulated other comprehensive income		Total net assets
	Capital stock	Capital surplus	Retained earnings	Total shareholders' equity	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income	
Balance at the beginning of current period	2,780	2,006	1,089	5,875	9	9	5,884
Changes of items during the period							
Dividend of Surplus			(539)	(539)			(539)
Net income			1,336	1,336			1,336
Net changes of items other than shareholders' equity					(3)	(3)	(3)
Total changes of items during the period	—	—	797	797	(3)	(3)	794
Balance at the end of current period	2,780	2,006	1,886	6,672	6	6	6,678

Accounting period for the current fiscal year (From January 1, 2015 to December 31, 2015)

(Millions of yen)

	Shareholders' equity				Accumulated other comprehensive income		Total net assets
	Capital stock	Capital surplus	Retained earnings	Total shareholders' equity	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income	
Balance at the beginning of current period	2,780	2,006	1,886	6,672	6	6	6,678
Changes of items during the period							
Dividend of Surplus			(924)	(924)			(924)
Net income			1,765	1,765			1,765
Net changes of items other than shareholders' equity					11	11	11
Total changes of items during the period	—	—	841	841	11	11	852
Balance at the end of current period	2,780	2,006	2,727	7,513	17	17	7,530

4) Consolidated cash flows statement

(Millions of yen)

	FY12/14 (From January 1, 2014 to December 31, 2014)	FY12/15 (From January 1, 2015 to December 31, 2015)
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	1,646	2,209
Depreciation	171	224
Increase (decrease) in allowance for doubtful accounts	(25)	(7)
Increase (decrease) in provision for bonuses	0	-0
Increase (decrease) in provision for retirement benefits	(314)	—
Increase (decrease) in net defined benefit liability	359	63
Interest and dividends income	(2)	(2)
Interest expenses	8	8
Loss (gain) on sales of investment securities	—	(48)
Loss (gain) on valuation of securities	1	—
Share of loss (profit) of entities accounted for using equity method	(46)	110
Loss on retirement of noncurrent assets	0	2
Decrease (increase) in notes and accounts receivable-trade	(354)	(323)
Decrease (increase) in inventories	(4)	3
Increase (decrease) in notes and accounts payable-trade	77	58
Decrease (increase) in accounts receivable-other	(7)	(14)
Increase (decrease) in accrued expenses	114	82
Increase (decrease) in accrued consumption taxes	546	(105)
Other, net	(76)	(71)
Subtotal	2,094	2,189
Interest and dividends income received	2	2
Interest expenses paid	(8)	(8)
Income taxes paid	(120)	(845)
Income taxes refund	242	0
Net cash provided by (used in) operating activities	2,209	1,339

(Millions of yen)

	FY12/14 (From January 1, 2014 to December 31, 2014)	FY12/15 (From January 1, 2015 to December 31, 2015)
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	(80)	(250)
Purchase of intangible assets	(73)	(113)
Purchase of investment securities	(0)	(0)
Proceeds from sales of investment securities	—	67
Other, net	0	0
Net cash provided by (used in) investing activities	(154)	(296)
Net cash provided by (used in) financing activities		
Cash dividends paid	(535)	(921)
Net cash provided by (used in) financing activities	(535)	(921)
Net increase (decrease) in cash and cash equivalents	1,521	122
Cash and cash equivalents at beginning of period	4,763	6,284
Cash and cash equivalents at end of period	* 6,284	* 6,406

[Notes]

(Significant accounting policies in the preparation of the consolidated financial statements)

1. Matters concerning the scope of consolidation

All subsidiaries are consolidated

Number of consolidated subsidiaries: 5

Name of 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

F-PLAIN Corporation

(2) Items requiring listing in regards to procedures for applying the equity method

As the company accounted for under the equity method has a different settlement date, financial statements based on provisional settlement of accounts as of the consolidated settlements date are used in preparing the consolidated financial statements.

3. Matters concerning the fiscal year and other information of consolidated subsidiaries

The settlement dates of consolidated subsidiaries match the consolidated settlement date.

4. Matters concerning accounting standards

(1) Valuation standards and valuation methods for significant assets

1) Marketable securities

Other marketable securities

Items with market value

Market value method based upon market prices at the end of fiscal year

(Valuation difference is reported as a component of net assets, and cost of products sold is calculated using a moving-average method)

Items with no market value

Moving-average cost method

2) Inventories

Valuation standards are based upon cost method (A book-value write-down based upon decreased profitability)

Merchandise and supplies

First-in, first-out method

(2) Depreciation method for significant depreciable assets

1) Property, plant and equipment (excluding lease assets)

Declining balance method

However, a straight-line method is used for buildings acquired from April 1, 1998 onward (excluding accessory equipment)

Useful lives are generally as follows.

Buildings and structures: 3-30 years

Machinery, equipment and vehicles: 2-4 years

Tools, furniture and fixtures: 2-20 years

2) Intangible assets (excluding lease assets)

Straight-line method

For software (for in-house use), a straight-line method based on the in-house availability period (3-5 years) is used.

3) Lease assets

For lease assets in non-ownership finance lease transactions, the lease period is treated as the useful life, and calculations are made using a straight-line method with residual value treated as zero.

(3) Accounting standards for significant reserves

Allowance for doubtful accounts

To prepare for credit losses such as losses from accounts receivable and loans, we examine the collectability of general claims using a loan-loss ratio, and examine certain claims, such as those with default possibility, individually, and record the uncollectable amounts.

(4) Accounting method for retirement benefits

1) Method for distributing estimated retirement benefits

In calculating retirement benefit obligations, benefit formula standards during term are used to allocate estimated retirement benefits to the period by the end of the current fiscal year.

2) Method of accounting for prior service costs and actuarial differences

Prior service costs are generally accounted for collectively in the fiscal year in which they arise.

Actuarial differences are generally accounted for collectively in the fiscal year in which they arise.

3) Adoption of a simple method for small-sized enterprises, others

In calculating obligations for retirement benefits and retirement benefit expenses, some consolidated subsidiaries apply a simple method by regarding necessary end-of-period retirement benefit payments for voluntary retirement as retirement benefit obligations.

(5) Scope of capital in consolidated cash flow statements

This is comprised of cash in hand, demand deposits and short-term investments that mature within three months after the date of acquisition, are highly liquid, can easily be converted into cash, and carry only insignificant risk in terms of changes in their values.

(6) Other items of importance for preparing consolidated financial statements

Accounting treatments for consumption tax, others

Accounting treatments for consumption tax and local consumption tax are based on a tax-excluded method.

(Change in accounting policy)

(Application of Accounting Standard for Retirement Benefits, others)

"Accounting Standard for Retirement Benefits" (ASBJ Statement No.26, May 17, 2012, hereinafter referred to as the "Accounting Standard") and "Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No.25, March 26, 2015, hereinafter the "Guidance") were applied from the end of the fiscal year under review (the provisions stipulated in the main texts of Section 35 of the Accounting Standard and Section 67 of the Guidance), and the method used to calculate retirement benefit obligations and service costs was changed, in which the method for attributing retirement benefit estimates to the term was changed from the fixed amount per period standard to the benefit formula standard, and the method of determining the discount rate was switched from a method based on the average number of years of service to a method that uses a same average weighted discount rate based on duration.

This change does not have any impact on liabilities related to retirement benefits and retained earnings at the beginning of the fiscal year under review. It also does not have any impact on operating, ordinary and net incomes before taxes and other adjustments for the fiscal year under review.

(Accounting standards not applied)

・"Implementation Guidance on Recoverability of Deferred Tax Assets" (ASBJ Implementation Guidance No. 26, December 28, 2015)

(1) Summary

The following necessary changes have been made to the handling of the recoverability of deferred tax assets, which essentially follow the framework within Auditing Guidance No.66, "Auditing Treatment for Judgment of Recoverability of Deferred Assets", issued by Japanese Institute of Certified Public Accountants (JICPA) in which companies are classified into five types and the amount of deferred tax assets to be booked is estimated based on the category.

i. Handling of companies that do not fulfill the conditions of categories one to five

ii. Requirements of categories two and three

iii. Handling of temporary differences expected to reverse in the future that cannot be scheduled by companies falling under category two

iv. Handling of the reasonable estimatable period of taxable income before temporary changes in the future at companies falling under category three

v. Handling when a company fulfilling the conditions of category four is applicable to category two or category three

(2) Scheduled date of application

The standard is scheduled to be applied from the beginning of the fiscal year ending December 2017.

(3) Impact of accounting standards application

Impacts were in the process of being calculated at the time these consolidated financial statements were prepared.

(Changes in presentation method)

(Retirement benefits related)

Following revisions to the "Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No.25, March 26, 2015), changes were made to the presentation method of note concerning retirement benefits based on the multi-employer pension plan. As a result, the consolidated financial statements for the previous fiscal year have been reclassified.

The amounts for the previous fiscal year related to the main items of the consolidated financial statements and details of the reclassification appear in the relevant locations.

(Consolidated profit and loss statement related)

"Insurance income" included in "Other" of "Non-operating income" during the previous fiscal year exceeded one tenth of the total amount of non-operating income. Therefore, this item has been added starting from the fiscal year under review. The consolidated financial statements of the previous fiscal year have been reclassified to reflect this change of presentation method.

As a result, the 3 million yen presented in "Other" under "Non-operating income" in the consolidated profit and loss statement of the previous fiscal year has been reclassified as 3 million yen under "Insurance income".

(Additional information)

(Application of consolidated taxation system)

The Company and its consolidated subsidiaries has obtained deemed certification to apply the consolidated taxation system from the fiscal year that begins on January 1, 2016. Therefore, starting from the current fiscal year under review, accounting treatment has been carried out based on the premise of the consolidated taxation system in accordance with "Tentative Treatment of Tax Effect Accounting Under Consolidated Taxation System (Part 1)" (ASBJ Practical Solution Report No. 5, January 16, 2015) and "Tentative Treatment of Tax Effect Accounting Under Consolidated Taxation System (Part 2)" (ASBJ Practical Solution Report No. 7, January 16, 2015).

(Notes on consolidated balance sheet)

*1 The following figures reflect affiliated companies

	FY12/14 end (December 31, 2014)	FY12/15 end (December 31, 2015)
Investment securities (equities)	397 million yen	291 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 the fiscal year under review is as follows:

	FY12/14 end (December 31, 2014)	FY12/15 end (December 31, 2015)
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 Profit and Loss Statement)

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

	FY12/14 (From January 1, 2014 to December 31, 2014)	FY12/15 (From January 1, 2015 to December 31, 2015)
Tools, furniture and fixtures	0 million yen	0 million yen

*2. Significant components of loss on sales of noncurrent assets in “other” under the extraordinary loss:

	FY12/14 (From January 1, 2014 to December 31, 2014)	FY12/15 (From January 1, 2015 to December 31, 2015)
Tools, furniture and fixtures	0 million yen	0 million yen

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

	FY12/14 (From January 1, 2014 to December 31, 2014)	FY12/15 (From January 1, 2015 to December 31, 2015)
Buildings and structures	0 million yen	5 million yen
Machinery, equipment and vehicles	0 million yen	—
Tools, furniture and fixtures	0 million yen	1 million yen
Total	0 million yen	6 million yen

(Notes on Consolidated Statement of Comprehensive Income)

* Amount of modifications and tax effect in other comprehensive income

	FY12/14 (From January 1, 2014 to December 31, 2014)	FY12/15 (From January 1, 2015 to December 31, 2015)
Valuation difference on available-for-sale securities:		
Amount incurred during the current fiscal year	(1) million yen	9 million yen
Reclassification adjustment	—	—
Before tax effect adjustment	(1) million yen	9 million yen
Tax effect	0 million yen	(2) million yen
Valuation difference on available-for-sale securities	(1) million yen	6 million yen
Share of other comprehensive income of associates accounted for using equity method:		
Amount incurred in the current fiscal year	1 million yen	5 million yen
Amount of modification	(3) million yen	—
Share of other comprehensive income of associates accounted for using equity method	(2) million yen	5 million yen
Total other comprehensive income	(3) million yen	11 million yen

(Notes on changes in consolidated statements of shareholders' equity)

Accounting period for the previous fiscal year (From January 1, 2014 to December 31, 2014)

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

Type of shares	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)	38,486,400	—	—	38,486,400
Total	38,486,400	—	—	38,486,400

2. Matters concerning stock acquisition rights

There are no relevant matters

3. Matters concerning dividends

(1) Dividend payments

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

(2) Of dividends the record date of which belongs to the current fiscal year, those the effective date of which falls in 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. 13, 2015 Board of directors meeting	Common Shares	Retained earnings	616	16.00	December 31, 2014	March 13, 2015

Accounting period for the current fiscal year (From January 1, 2015 to December 31, 2015)

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

Type of shares	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)	38,486,400	—	—	38,486,400
Total	38,486,400	—	—	38,486,400

2. Matters concerning stock acquisition rights

There are no relevant matters.

3. Matters concerning dividend

(1) Dividend payments

Resolution	Type of shares	Total amount of dividend (million yen)	Dividend per share (yen)	Record date	Effective date
Feb. 13, 2015 Board of directors meeting	Common shares	616	16.00	December 31, 2014	March 13, 2015
Aug. 7, 2015 Board of directors meeting	Common shares	308	8.00	June 30, 2015	September 4, 2015

(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. 12, 2016 Board of directors meeting	Common Shares	Retained earnings	385	10.00	December 31, 2015	March 11, 2016

(Notes on consolidated cash flows statement)

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

	FY12/14 (From January 1, 2014 to December 31, 2014)	FY12/15 (From January 1, 2015 to December 31, 2015)
Cash and deposits	6,284 million yen	6,406 million yen
Cash and cash equivalents	6,284 million yen	6,406 million yen

(Notes regarding financial instruments)

Previous fiscal year (from January 1, 2014 to December 31, 2014)

1. Matters concerning the state of financial instruments

(1) Policy initiatives for financial instruments

The Group assumes bank loans for working capital. We also work to achieve proper fund management through effective use of our Group CMS (cash management service). Fund management is generally limited to highly secure deposits that are liquid. Regarding derivatives, it is our policy not to engage in speculative trading. In addition, investment securities are mainly the stocks of companies with which the Company has a business relationship and steps are taken to ascertain the market value of these securities on a regular basis.

(2) Details of financial instruments, and associated risks

Notes and accounts receivable-trade, which are operating receivables, are exposed to customer credit risks. Accounts payable and accrued expenses, which are operating debts, have due dates within one year. As for loans, the Company signed an agreement for overdraft with four banks to procure operating capital efficiently.

(3) Risk management systems for financial instruments

1) Management of credit risks (risks associated with contractual default by business partners)

Regarding credit risks for operating receivables, based on credit management regulations, as well as managing settlement dates and balances for each trading client engaged in core short-term human resources services such as Fullcast Co., Ltd., we are also working to quickly understand and lessen recovery risks resulting from worsening financial situations.

2) Management of market risks (risks from fluctuations in exchange rates and interest rates)

Loans are exposed to the risk of interest rate fluctuations, but fluctuations in interest rates will have a minimal impact on business performance because of the outstanding balance of the Company's loans.

3) Management of liquidity risks for fund procurement (risk of being unable to execute payments on due dates)

Our Company's finance department conducts daily deposit balance management for the Group, and also appropriately manages liquidity risks for each group company through CMS.

(4) Supplementary explanation about matters concerning market values of financial instruments

As well as values based on market prices, in cases where there is no market price, reasonably calculated values are included in market prices for financial instruments. Because variable factors are incorporated in calculating these values, they may vary when different assumptions are used.

2. Matters concerning market values for financial instruments

Consolidated balance sheet amounts, market prices, and the differences between these as recorded on December 31, 2015 (the settlement date for the current term), are as follows. Financial instruments for which it is extremely difficult to determine market price are not included in the following chart (see Note 3.).

	Consolidated balance sheet amount (millions of yen)	Market value (millions of yen)	Difference (millions of yen)
(1) Cash and deposits	6,284	6,284	—
(2) Notes and accounts receivable-trade	2,581	2,581	—
(3) Investment securities	25	25	—
(4) Guarantee deposits	264	264	0
Total assets	9,154	9,154	0
(5) Short-term loans payable	1,000	1,000	—
(6) Accounts payable-other	519	519	—
(7) Accrued expenses	656	656	—
(8) Accrued consumption taxes	688	688	—
Total liabilities	2,863	2,863	—

Notes: 1. Matters concerning formulas for calculating market value of financial instruments

Assets

(1) Cash and deposits and (2) Notes and accounts receivable-trade

These items are settled in short periods, and those of market values are approximately equal to book value, they are based on relevant book-values.

(3) Investment securities

The market value of investment securities is determined using the price posted by the stock exchange.

(4)Guarantee deposits

Market values for guarantee deposits indicate past results from departure, and are based on current prices that are obtained by discounting expected receivable amounts-reflecting collectability-once the average term of residence has been calculated, by highly-safe interest rates that correspond to the period up until departure.

Liabilities

(5) Short-term loans payable, (6) Accounts payable-other, (7) Accrued expenses, and (8) Accrued consumption taxes

These are items that are settled in short periods, and because market values are approximately equal to book value, they are based on relevant book-values.

2. Financial instruments for which it is extremely difficult to determine market price

Unlisted instruments (consolidated balance sheet amount of 442 million yen) do not have a market price and it is impossible to estimate their future cash flow, making it extremely difficult to determine their market price. Therefore, these instruments are not included in “(3) Investment securities.”

3. Expected redemption amount of pecuniary claims after the settlement date

	Within 1 Year (millions of yen)	1-5 Years (millions of yen)	5-10 Years (millions of yen)	Over 10 Years (millions of yen)
Cash and deposits	6,284	—	—	—
Notes and accounts receivable-trade	2,581	—	—	—
Total	8,865	—	—	—

4. Expected repayment amounts for short-term loans payable

	Within 1 year (millions of yen)	1-2 years (millions of yen)	2-3 years (millions of yen)	3-4 years (millions of yen)	4-5 years (millions of yen)	Over 5 years (millions of yen)
Short-term loans payable	1,000	—	—	—	—	—
Total	1,000	—	—	—	—	—

Current fiscal year (from January 1, 2015 to December 31, 2015)

1. Matters concerning the state of financial instruments

(1) Policy initiatives for financial instruments

The Group assumes bank loans for working capital. We also work to achieve proper fund management through effective use of our Group CMS (cash management service). Fund management is generally limited to highly secure deposits that are liquid. Regarding derivatives, it is our policy not to engage in speculative trading. In addition, investment securities are mainly the stocks of companies with which the Company has a business relationship and steps are taken to ascertain the market value of these securities on a regular basis.

(2) Details of financial instruments, and associated risks

Notes and accounts receivable-trade, which are operating receivables, are exposed to customer credit risks. Accounts payable and accrued expenses, which are operating debts, have due dates of within one year.

As for loans, the Company signed an agreement for overdraft with four banks to procure operating capital efficiently.

(3) Risk management systems for financial instruments

1) Management of credit risks (risks associated with contractual default by business partners)

Regarding credit risks for operating receivables, and based on credit management regulations and managing settlement dates and balances for each trading client of core short-term human resources services businesses such as Fullcast Co., Ltd., we are also working to quickly understand and lessen recovery risks resulting from worsening financial conditions.

2) Management of market risks (risks from fluctuations in exchange rates and interest rates)

Although loans are exposed to interest-rate risks, their impacts upon earnings are estimated to be minimal compared to the outstanding loans.

3) Management of liquidity risks for fund procurement (risk of being unable to execute payments on due dates)

Our Company’s finance department conducts daily deposit balance management for the Group, and also appropriately manages liquidity risks for each group company through CMS.

(4) Supplementary explanation about matters concerning market values of financial instruments

As well as values based upon market prices and in cases where there is no market price, reasonably calculated values are included in market prices for financial instruments. Because variable factors are incorporated in calculating these values, they may vary when different assumptions are used.

2. Matters concerning market values for financial instruments

Consolidated balance sheet amounts, market prices and differences between these, as recorded on December 31, 2015 (the consolidated settlement date for the term), are as follows. Financial instruments for which it is extremely difficult to determine market price are not included in the following chart (see Note 2.).

	Consolidated balance sheet amount (millions of yen)	Market value (millions of yen)	Difference (millions of yen)
(1) Cash and deposits	6,406	6,406	—
(2) Notes and accounts receivable-trade	2,912	2,912	—
(3) Investment securities	34	34	—
(4) Guarantee deposits	288	288	0
Total assets	9,640	9,640	0
(5) Short-term loans payable	1,000	1,000	—
(6) Accounts payable-other	607	607	—
(7) Accrued expenses	738	738	—
(8) Accrued consumption taxes	583	583	—
Total liabilities	2,928	2,928	—

Notes: 1. Calculation method of the market price of financial instruments

Assets

(1) Cash and deposits and (2) Notes and accounts receivable-trade

These items are settled in short time periods, and those of market values are approximately equal to book value, they are based on relevant book-values.

(3) Investment securities

The market value of investment securities is determined using the price posted by the stock exchange.

(4) Guarantee deposits

Market values for guarantee deposits indicate past results from departure, and are based on current prices that are obtained by discounting expected receivable amounts-reflecting collectability-once the average term of residence has been calculated, by highly-safe interest rates that correspond to the period up until departure.

Liabilities

(5) Short-term loans payable, (6) Accounts payable-other, (7) Accrued expenses and (8) Accrued consumption taxes

These are items that are settled in short time periods, and because market values are approximately equal to book value, they are based on relevant book-values.

2. Financial instruments for which it is extremely difficult to determine market price

Unlisted instruments (consolidated balance sheet amount of 317 million yen) do not have a market price and it is impossible to estimate their future cash flow, making it extremely difficult to determine the market price. Therefore, these instruments are not included in “(3) Investment securities.”

3. Expected redemption amount of pecuniary claims after the settlement date

	Within 1 Year (millions of yen)	1-5 Years (millions of yen)	5-10 Years (millions of yen)	Over 10 Years (millions of yen)
Cash and deposits	6,406	—	—	—
Notes and accounts receivable-trade	2,912	—	—	—
Total	9,317	—	—	—

4. Expected repayment amounts for short-term loans payable

	Within 1 year (millions of yen)	1-2 years (millions of yen)	2-3 years (millions of yen)	3-4 years (millions of yen)	4-5 years (millions of yen)	Over 5 years (millions of yen)
Short-term loans payable	1,000	—	—	—	—	—
Total	1,000	—	—	—	—	—

(Notes on marketable securities)

Previous fiscal year

1. Items with market value among other marketable securities (as of December 31, 2014)

Classification	Consolidated balance sheet amount (millions of yen)	Acquisition cost (millions of yen)	Difference (millions of yen)
Items for which consolidated balance sheet amount exceeds acquisition cost			
(1) Shares	25	10	14
(2) Bonds			
Government bonds and municipal bonds	—	—	—
Corporate bonds	—	—	—
Other	—	—	—
(3) Other	—	—	—
Subtotal	25	10	14
Items for which consolidated balance sheet amount does not exceed acquisition cost			
(1) Shares	—	—	—
(2) Bonds			
Government bonds and municipal bonds	—	—	—
Corporate bonds	—	—	—
Other	—	—	—
(3) Other	—	—	—
Subtotal	—	—	—
Total	25	10	14

2. Other marketable securities sold during the current fiscal year (from January 1, 2014 to December 31, 2014)

There are no applicable items

3. Other marketable securities for which impairment was performed (from January 1, 2014 to December 31, 2014)

Comment has been omitted because it was immaterial

Current fiscal year

1.Other marketable securities (as of December 31, 2015)

Classification	Consolidated balance sheet amount (millions of yen)	Acquisition cost (millions of yen)	Difference (millions of yen)
Items for which consolidated balance sheet amount exceeds acquisition cost			
(1) Shares	34	11	23
(2) Bonds			
Government bonds and municipal bonds	—	—	—
Corporate bonds	—	—	—
Other	—	—	—
(3) Other	—	—	—
Subtotal	34	11	23
Items for which consolidated balance sheet amount does not exceed acquisition cost			
(1) Shares	—	—	—
(2) Bonds			
Government bonds and municipal bonds	—	—	—
Corporate bonds	—	—	—
Other	—	—	—
(3) Other	—	—	—
Subtotal	—	—	—
Total	34	11	23

2.Other marketable securities sold during the current fiscal year (from January 1, 2015 to December 31, 2015)

Classification	Proceeds from sales (millions of yen)	Total gain on sales (millions of yen)	Total loss on sales (millions of yen)
Shares	67	48	—

3.Marketable securities for which impairment was performed (from January 1, 2015 to December 31, 2015)

There are no applicable items

(Retirement benefits related)

1. Summary of the retirement benefit scheme adopted

The Company and its consolidated subsidiaries have established employees' pension funds and termination allowance plans as fixed benefit-type programs.

As of the end of the current fiscal year, two companies among the Company and its consolidated subsidiaries maintain termination allowance plans, while one of those maintains a general type employees' pension fund system.

Note that as for the employees' pension funds, we have the "Japan Security Services Employees' Pension Fund (general type)." We treat necessary contributions to the Pension Fund as retirement benefit expenses, as we cannot reasonably calculate the pension assets corresponding to our contributions for the Fund.

2. Defined benefit plan

(1) Adjustment table for balances at the beginning and the end of the period for retirement benefit obligations (excluding those which a simple method is applied).

(Millions of yen)

	FY12/14 (From January 1, 2014 to December 31, 2014)	FY12/15 (From January 1, 2015 to December 31, 2015)
Retirement benefit obligations at the beginning of the period	217	264
Service cost	42	40
Interest cost	1	1
Actuarial differences occurred	15	35
Retirement benefits paid	(12)	(16)
Other	—	1
Retirement benefit obligations at the end of the period	264	325

(2) Adjustment table for liabilities for retirement benefits under a simple method at the beginning and the end of the period

(Millions of yen)

	FY12/14 (From January 1, 2014 to December 31, 2014)	FY12/15 (From January 1, 2015 to December 31, 2015)
Liabilities for retirement benefits at the beginning of the period	97	96
Retirement benefit expenses	9	12
Retirement benefits paid	(10)	(10)
Other	—	(1)
Liabilities for retirement benefits at the end of the period	96	97

(3) Adjustment table between retirement benefit obligations/pension assets at the end of the period and liabilities/assets for retirement benefits recorded in the consolidated balance sheet

(Millions of yen)

	FY12/14 (December 31, 2014)	FY12/15 (December 31, 2015)
Retirement benefit obligations under the non-cumulative system	359	422
Net liabilities and assets recorded in the consolidated balance sheet	359	422
Liabilities for retirement benefits	359	422

Net liabilities and assets recorded in the consolidated balance sheet	359	422

(Note) Including the system under a simple method.

(4) Amount of retirement benefit expenses and their breakdowns

(Millions of yen)

	FY12/14 (From January 1, 2014 to December 31, 2014)	FY12/15 (From January 1, 2015 to December 31, 2015)
Service cost	42	40
Interest cost	1	1
Cost to dispose of actuarial differences	15	35
Retirement benefit expenses calculated by a simple method	9	12
Other	(1)	(1)
Retirement benefit expenses for the defined benefit plan	67	87

(5) Matters concerning the actuarial calculation base

Main actuarial calculation base

	FY12/14 (From January 1, 2014 to December 31, 2014)	FY12/15 (From January 1, 2015 to December 31, 2015)
Discount rate	Mainly 0.4%	Mainly 0.4%
Expected rate of increase	4.9%	4.8%

3. Multi-employer pension plan

Required contributions under the multi-employer pension plan to employees' pension funds, which is accounted for in a similar way as the defined contribution plan, were 15 million yen in the previous fiscal year and 15 million yen in the current fiscal year under review.

(1) Recent funded status of the mult-iemployer pension plan

(Millions of yen)

	FY12/14 (as of March 31, 2014)	FY12/15 (as of March 31, 2015)
Pension assets	31,292	34,747
Total amount including benefit obligation based on the calculation of pension financial position and the minimum reserve (Note)	35,562	37,380
Difference	(4,270)	(2,633)

Note: This item was "Benefit obligation based on the calculation of pension financial position" in the previous fiscal year.

(2) The ratio of contribution of the Company Group to the multi-employer pension plan

Previous fiscal year (from April 1, 2013 to March 31, 2014) 3.16%

Current fiscal year (from April 1, 2014 to March 31, 2015) 2.90%

(3) Supplementary explanation

The main factor for the difference in (1) above is the balance of prior service costs of 5,294 million yen in current fiscal year (5,532 million yen in previous fiscal year), and the surplus carried forward of 2,662 million yen in current fiscal year (1,263 million yen in previous fiscal year), based upon the calculation of pension financial position. The amortization method of prior service costs used in this plan is an equal monthly payment with interest, for 19 years and zero months.

The ratio in (2) above is not the same as the ratio of actual obligation of the Company Group.

(Dissolution of the employees' pension fund)

A resolution was passed to dissolve the Japan Security Services Employees' Pension Fund, which our subsidiaries maintain, in the board of directors' meeting held on September 11, 2014.

(Notes on tax effect accounting)

1. Details of main reasons for deferred tax asset and deferred tax liability

(Millions of yen)

	FY12/14 end (December 31, 2014)	FY12/15 end (December 31, 2015)
Deferred tax asset		
Allowance for doubtful accounts and bad debt loss	27	11
Liabilities for retirement benefits	128	136
Gains on sales of stocks of subsidiaries under the Corporation Tax Act	159	144
Loss from revaluation of investment securities	28	9
Loss carried forward	1,208	913
Accrued enterprise taxes	35	40
Accrued social insurance premiums	0	0
Accrued office taxes	6	6
Impairment loss	7	3
Asset retirement obligations	12	12
Other	34	35
Subtotal of deferred tax asset	1,646	1,309
Valuation reserve	(1,456)	(844)
Total deferred tax asset	190	465
Deferred tax liability		
Revaluation differentials of other securities, etc.	(5)	(8)
Total deferred tax liability	(5)	(8)
Net deferred tax asset	184	458

2. Itemized details of the main reasons for differences between the legal effective tax rates and the ratio of tax expenses, including corporate taxes, after tax effect accounting is applied

	FY12/14 end (December 31, 2014)	FY12/15 end (December 31, 2015)
Legal effective tax rates	38.0%	35.6%
(Adjustment)		
Non-deductible cost items	0.5	0.3
Dividend income	(0.2)	(0.0)
Fixed-rate residents on inhabitant tax	1.6	1.3
Share of loss (profit) of entities accounted for using equity method	(1.1)	1.8
Valuation reserve amount	(11.6)	(21.6)
Gains on sales of stocks of subsidiaries under the Corporation Tax Act	(10.1)	—
Adjustment by decreasing end-of-period deferred tax assets due to changes in tax rates	0.8	1.4
Other	0.8	1.3
Ratio of tax expenses, including corporate taxes, after tax effect accounting is applied	18.9%	20.1%

3. Modifications to the amount of deferred tax assets and liabilities due to changes of corporate taxation rates

With the promulgation of the Act for Partial Revision of the Income Tax Act etc. (Act No. 9 of 2015) and the Act for Partial Revision to the Local Tax Act (Act No. 2 of 2015), the effective tax rate calculated based on deferred tax assets and deferred tax liabilities for the fiscal year under review (however, limited to that which will be cancelled on January 1, 2016 and thereafter) has been changed from 35.6% in the previous fiscal year to 33.1% for the period from January 1, 2016 to December 31, 2016 because of collections or payments, and 32.3% for periods subsequently thereafter January 1, 2017.

The impact of this change in tax rates is expected to be minimal.

(Notes on asset retirement obligations)

Asset retirement obligations recorded in the consolidated balance sheet

(1) Overview of the asset retirement obligations

Restoration obligation under the real estate rental agreement regarding the head office property, others

(2) Calculation of the amount of asset retirement obligations

The amount of asset retirement obligations is calculated using a 0.4% discount rate, with estimated period of six years.

(3) Increase (decrease) in total asset retirement obligations

(Millions of yen)

	FY12/14 (From Jan. 1, 2014 to Dec. 31, 2014)	FY12/15 (From Jan. 1, 2015 to Dec. 31, 2015)
Balance at beginning of current period	37	38
Increase by purchase of property, plant and equipment	—	—
Adjustment for lapse of time	0	0
Decrease due to fulfillment of asset retirement obligations	—	—
Balance at the end of current period	38	38

(Information on the business segments and others)

[Segment information]

Previous fiscal year (From January 1, 2014 to December 31, 2014)

1. Overview of reporting segments

The Company's reporting segments are business units for which financial information based on the Company's structural units can be independently obtained, and are subject to regular examinations in order for the board of directors to decide upon allocations of management resources and to evaluate their performances.

Our Group has two reporting segments: 1) short-term operational support business and 2) security business. The short-term operational support business provides timely short-term staffing services that cater to fluctuations in client companies' workloads. And the security business mainly provides security services for public facilities and general companies.

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

The accounting methods for each segment reported are almost the same as those described in the "Significant accounting policies in the preparation of the consolidated financial statements."

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

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

(Millions of yen)

	Reporting segment		Total	Adjustment *	Consolidated
	Short term operational support business	Security business			
Net sales					
Sales to external customers	18,349	1,826	20,175	—	20,175
Inter-segment sales or transfers	1	—	1	(1)	—
Total	18,349	1,826	20,176	(1)	20,175
Segment income	2,102	77	2,180	(567)	1,613
Segment assets	5,110	784	5,894	4,657	10,551
Other					
Depreciation and amortization	34	1	35	136	171
Increase of property, plant and equipment and intangible assets	46	0	46	107	153

Notes: 1. The amount of (567) million yen for adjustment of segment profits includes the amount of 1 million yen for elimination of inter-segment transactions and the expenses of the company wide of (568) million yen that are not allocated to reported segments. The company wide expenses are primarily made up of general administrative expenses not belonging to the reported segments.

2. The profit of the segments have been adjusted with the operating income shown in the consolidated profit and loss statement.

3. The amount of 4,657 million yen for adjustment of segment-based assets is primarily made up of the long-term investment assets (investment securities), the assets involved in the administrative departments and others at the head office of the parent company.

4. The amount of 136 million yen for adjustment of depreciation expenses is primarily made up of the depreciation amounts for the buildings, structures, and software of the head office of the company.

5. The amount of 107 million yen for adjustment of increases in the amount of the property, plant, and equipment and intangible assets is primarily made up of those for the buildings and structures of the head office of the company

and tools, furniture and fixtures, and software for a new system.

Current fiscal year (From January 1, 2015 to December 31, 2015)

1. Overview of reporting segments

The Company's reporting segments are business units for which financial information based on the Company's structural units can be independently obtained, and are subject to regular examinations, in order for the board of directors to decide upon allocations of management resources and to evaluate their performances.

Our Group has two reporting segments: 1) "short-term operational support business" and 2) "security business." The "short-term operational support business" provides timely short-term staffing services that cater to fluctuations in client companies' workloads. The "security business" mainly provides security services for public facilities and general companies.

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

The accounting methods for each segment reported are almost the same as those described in the "Significant accounting policies in the preparation of the consolidated financial statements."

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

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

(Millions of yen)

	Reporting segment		Total	Adjustment *	Consolidated
	Short term operational support business	Security business			
Net sales					
Sales to external customers	20,623	1,996	22,618	—	22,618
Inter-segment sales or transfers	—	—	—	—	—
Total	20,623	1,996	22,618	—	22,618
Segment income	2,818	77	2,895	(598)	2,297
Segment assets	5,491	682	6,173	5,449	11,622
Other					
Depreciation and amortization	38	1	39	186	224
Increase of property, plant and equipment and intangible assets	36	0	36	327	363

Notes: 1. The amount of (598) million yen for adjustment of segment profits includes the amount of 2 million yen for elimination of inter-segment transactions and the expenses of the company wide of (601) million yen that are not allocated to reported segments. The company wide expenses are primarily made up of general administrative expenses not belonging to the reported segments.

2. The profit of the segments has been adjusted with the operating income shown in the consolidated profit and loss statement.

3. The amount of 5,449 million yen for adjustment of segment-based assets is primarily made up of the long-term investment assets (investment securities), the assets involved in the administrative departments and others at the head office of the parent company.

4. The amount of 186 million yen for adjustment of depreciation expenses is primarily made up of the depreciation amounts for the buildings, structures, and software of the head office of the company.

5. The amount of 327 million yen for adjustment of increases in the amount of the property, plant, and equipment and intangible assets is primarily made up of those for the buildings and structures of the head office of the company and tools, furniture and fixtures, and software for a new system.

Related information

Previous fiscal year (from January 1, 2014 to December 31, 2014)

1. Information about each product or service

Information has been omitted as similar information is disclosed in the segment information.

2. Information for each region

Information has been omitted as we did not have any consolidated subsidiaries or offices located in any foreign countries or regions outside of Japan.

3. Information for each major customer

Information has been omitted as there is no outside customer representing 10% or more of the net sales in the consolidated profit and loss statement.

Current fiscal year (from January 1, 2015 to December 31, 2015)

1. Information about each product or service

Information has been omitted as similar information is disclosed in the Segment information.

2. Information for each region

Information has been omitted as we did not have any consolidated subsidiaries or foreign offices located in any foreign countries or regions outside of Japan.

3. Information for each major customer

Information has been omitted as there is no outside customer representing 10% or more of the net sales in the consolidated profit and loss statement.

Information concerning impairment loss on noncurrent assets for each reporting segment

Previous fiscal year (from January 1, 2014 to December 31, 2014)

There are no relevant matters

Current fiscal year (from January 1, 2015 to December 31, 2015)

There are no relevant matters

Information concerning the amount of amortization of goodwill and unamortized balance for each reporting segment

Previous fiscal year (from January 1, 2014 to December 31, 2014)

There are no relevant matters

Current fiscal year (from January 1, 2015 to December 31, 2015)

There are no relevant matters

Information concerning gain on negative goodwill for each reporting segment

Previous fiscal year (from January 1, 2014 to December 31, 2014)

There are no relevant matters

Current fiscal year (from January 1, 2015 to December 31, 2015)

There are no relevant matters

Information on related parties

Previous fiscal year (from January 1, 2014 to December 31, 2014)

1. Transactions with related parties

   There are no relevant matters

2. Notes concerning parent companies and major affiliates

   There are no applicable items

Current fiscal year (from January 1, 2015 to December 31, 2015)

1. Transactions with related parties

   There are no applicable items

2. Notes concerning parent companies and major affiliates

   There are no applicable items

Per share information

Previous fiscal year (from January 1, 2014 to December 31, 2014)		Current fiscal year (from January 1, 2015 to December 31, 2015)	
Net assets per share:	173.51 yen	Net assets per share:	195.65 yen
Net income per share:	34.70 yen	Net income per share:	45.85 yen

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

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

Item	Previous fiscal year (from January 1, 2014 to December 31, 2014)	Current fiscal year (from January 1, 2015 to December 31, 2015)
Net income (millions of yen)	1,336	1,765
Net income (basic) (millions of yen)	1,336	1,765
Net income not available to common stock (millions of yen)	—	—
Average number of common stock outstanding during the period (shares)	38,486,400	38,486,400

(Major subsequent events)

A resolution was passed at the Company’s board of directors meeting held on February 12, 2016 regarding the acquisition of treasury stock in accordance with Article 156 of the Companies Act of Japan, applied pursuant to Article 165-3 of the same act.

1. Reason

   Treasury stock will be acquired in order to enhance capital efficiency, provide greater returns to shareholders, and enable the flexible execution of capital policy.

2. Type of shares to be acquired: Common stock
3. Number of shares to be acquired: 184,500 shares (maximum)
4. Total acquisition cost: 100 million yen (maximum)
5. Acquisition period: February 22, 2016 to June 23, 2016
6. Acquisition method: Market purchases in the Tokyo Stock Exchange

5) Consolidated statement schedule

Corporate bond schedules

There are no applicable items.

Schedule of debt

Classification	Balance at the beginning of the current term (millions of yen)	Balance at the end of the current term (millions of yen)	Average interest rate (%)	Repayment term
Short-term loans payable	1,000	1,000	0.75	—
Current portion of long-term loans payable	—	—	—	—
Lease obligations due within one year	—	—	—	—
Long-term loans payable (excluding current portion of loans)	—	—	—	—
Lease obligations (excluding obligations due within one year)	—	—	—	—
Other interest-bearing debt	—	—	—	—
Total	1,000	1,000	—	—

Note: The average weighted interest rate for term-end balance on loans is listed as the average interest rate.

Schedule of asset retirement obligations

Items are omitted because their amount does not exceed one-hundredth of the sum of liabilities and net assets at the respective time-neither at the beginning nor end of the current fiscal year.

(2) Other

Information for each fiscal quarter in the current fiscal year

(Aggregate period)	First quarter	Second quarter	Third quarter	Current fiscal year
Net sales (millions of yen)	5,046	10,530	16,444	22,618
Quarterly net income before income taxes (millions of yen)	387	975	1,540	2,209
Quarterly net income (millions of yen)	259	639	1,033	1,765
Quarterly net income per share (yen)	6.73	16.62	26.84	45.85

(Accounting period)	First quarter	Second quarter	Third quarter	Fourth quarter
Quarterly net income per share (yen)	6.73	9.88	10.22	19.02

2. Financial Statements

(1) Financial statements

1) Balance sheet (Millions of yen)

	FY12/14 end (December 31, 2014)	FY12/15 end (December 31, 2015)
Assets		
Current assets		
Cash and deposits	3,635	3,846
Supplies	12	10
Prepaid expenses	54	75
Short-term loans receivable from subsidiaries and affiliates	59	63
Accounts receivable-other	*1 621	*1 679
Deferred tax assets	141	382
Other	*1 22	*1 219
Allowance for doubtful accounts	(46)	(42)
Total current assets	4,497	5,233
Noncurrent assets		
Property, plant and equipment		
Buildings	47	41
Tools, furniture and fixtures	90	229
Construction in progress	1	10
Total property, plant and equipment	138	280
Intangible assets		
Software	284	312
Other	2	0
Total intangible assets	286	312
Investments and other assets		
Investment securities	49	30
Stocks of subsidiaries and affiliates	642	642
Investments in capital	0	0
Guarantee deposits	60	63
Insurance funds	1	2
Long-term prepaid expenses	3	26
Total investments and other assets	755	764
Total noncurrent assets	1,178	1,356
Total assets	5,675	6,589

(Millions of yen)

	FY12/14 end (December 31, 2014)	FY12/15 end (December 31, 2015)
Liabilities		
Current liabilities		
Short-term loans payable	*2 1,000	*2 1,000
Accounts payable-other	*1 129	*1 147
Accrued expenses	233	242
Income taxes payable	64	14
Accrued consumption taxes	64	27
Deposits received	41	45
Unearned revenue	*1 1	*1 1
Total current liabilities	1,531	1,476
Noncurrent liabilities		
Long-term guarantee deposited	*1 7	*1 7
Deferred tax liabilities	4	3
Provision for retirement benefits	264	325
Asset retirement obligations	20	20
Total noncurrent liabilities	295	356
Total liabilities	1,826	1,832
Net assets		
Shareholders' equity		
Capital stock	2,780	2,780
Retained earnings		
Legal retained earnings	54	146
Other retained earnings		
Retained earnings brought forward	1,008	1,822
Total retained earnings	1,061	1,968
Total shareholders' equity	3,841	4,748
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	8	8
Total valuation and translation adjustments	8	8
Total net assets	3,849	4,757
Total liabilities and net assets	5,675	6,589

2) Profit and Loss Statement

(Millions of yen)

	FY12/14 (From January 1, 2014 to December 31, 2014)	FY12/15 (From January 1, 2015 to December 31, 2015)
Operating revenue		
Consulting fee income	983	1,158
Commissions from subsidiaries and affiliates	1,298	1,289
Dividends from subsidiaries and affiliates	—	1,040
Total operating revenue	*1 2,281	*1 3,486
Operating expenses	*1, *2 1,868	*1, *2 1,887
Operating income	413	1,559
Non-operating income		
Interest income	*1 3	*1 5
Dividends income	0	1
Real estate rent	*1 15	*1 15
Rent income on facilities	*1 5	*1 5
Other	2	1
Total non-operating income	24	26
Non-operating expenses		
Interest expenses	8	8
Depreciation	3	3
Rent cost of real estate	15	15
Other	2	7
Total non-operating expenses	27	32
Ordinary income	410	1,593
Extraordinary income		
Gain on sales of noncurrent assets	—	*3 0
Gain on sales of investment securities	—	48
Total extraordinary income	—	48
Extraordinary loss		
Loss on retirement of noncurrent assets	0	0
Loss on valuation of investment securities	1	—
Total extraordinary losses	1	0
Income before income taxes	409	1,640
Income taxes-current	63	51
Income taxes-deferred	(142)	(242)
Total income taxes	(80)	(190)
Net income	489	1,831

3) Statements of Shareholders' Equity

Accounting period for the previous fiscal year (From January 1, 2014 to December 31, 2014)

(Millions of yen)

	Shareholders' equity					Valuation and translation adjustments		Total net assets
	Capital	Retained earnings			Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
		Legal retained earnings	Other retained earnings: Retained earnings carried forward	Total retained earnings				
Balance at the beginning of current period	2,780	—	1,111	1,111	3,891	8	8	3,900
Changes of items during the period								
Dividends paid from retained earnings			(539)	(539)	(539)			(539)
Provision of retained earnings		54	(54)	—	—			—
Net income			489	489	489			489
Net changes of items other than shareholders' equity						(1)	(1)	(1)
Total changes of items during the period	—	54	(104)	(50)	(50)	(1)	(1)	(51)
Balance at the end of current period	2,780	54	1,008	1,061	3,841	8	8	3,849

Accounting period for the current fiscal year (From January 1, 2015 to December 31, 2015)

(Millions of yen)

	Shareholders' equity					Valuation and translation adjustments		Total net assets
	Capital	Retained earnings			Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
		Legal retained earnings	Other retained earnings: Retained earnings carried forward	Total retained earnings				
Balance at the beginning of current period	2,780	54	1,008	1,061	3,841	8	8	3,849
Changes of items during the period								
Dividends paid from retained earnings			(924)	(924)	(924)			(924)
Provision of retained earnings		92	(92)	—	—			—
Net income			1,831	1,831	1,831			1,831
Net changes of items other than shareholders' equity						1	1	1
Total changes of items during the period	—	92	815	907	907	1	1	908
Balance at the end of current period	2,780	146	1,822	1,968	4,748	8	8	4,757

[Notes]

(Significant accounting policies)

1. Valuations standards and methods for marketable securities

   (1) Shares in subsidiaries and affiliates

   Cost approach using a moving-average method

   (2) Other marketable securities

   Items with market value

   Market value method based on market prices on the settlement date (all valuation differences are reported as a component of net assets, and cost of sales is calculated using a moving-average method)

   Items without market value

   Cost approach using a moving-average method

2. Depreciation method for fixed assets

   (1) Property, plant and equipment

   Declining balance method

   However, for buildings acquired after April 1, 1998 (excluding accompanying facilities), we use a straight-line method.

   Useful lives for major details are as follows.

   Buildings: 3-15 years

   Tools, furniture and fixtures: 2-20 years

   (2) Intangible assets

   Software

   For internal purposes, we use a straight-line method based on the period of availability within the company (5 years).

   Other

   Straight-line method

3. Standards for recording reserves

   (1)Allowance for doubtful accounts

   To prepare for credit losses, such as losses from accounts receivable and loans, we examine the collectability of general claims using a loan-loss ratio, and examine certain claims, such as those with default possibility, individually, and record the uncollectable amounts.

   (2)Provision for retirement benefits

   To prepare for retirement benefits for employees, we record amounts based upon expected costs of retirement benefit obligations and pension assets at the end of the current fiscal year.

   1) Method for distributing estimated retirement benefits

   In calculating retirement benefit obligations, benefit formula standards during term are used to allocate estimated retirement benefits to the period by the end of the current fiscal year.

   2) Method of accounting for actuarial differences and prior service costs

   Prior service costs are generally accounted for collectively in the fiscal year in which they arise.

   Actuarial differences are generally accounted for collectively in the fiscal year in which they arise.

4. Other significant items in preparation of financial statements

   Accounting treatment for consumption tax, others

   Accounting treatment for consumption tax and local consumption tax are based on tax-excluded methods.

(Changes in presentation method)

(Application of Accounting Standard for Retirement Benefits)

"Accounting Standard for Retirement Benefits" (ASBJ Statement No.26, May 17, 2012, hereinafter referred to as the "Accounting Standard") and "Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No.25, March 26, 2015, hereinafter the "Guidance") were applied from the end of the fiscal year under review with regard to the provisions stipulated in the main texts of Section 35 of the Accounting Standard and Section 67 of the Guidance, and the method used to calculate retirement benefit obligations and service costs was changed in which the method for attributing retirement benefit estimates to the term was changed from the fixed amount per period standard to the benefit formula standard, and the method of determining the discount rate was changed from a method based on the average number of years of service to a method that uses a the same average weighted discount rate based on duration.

This change does not have any impact on liabilities related to retirement benefits and retained earnings at the beginning of the fiscal year under review. It also does not have any impact on operating income, ordinary income and net income before taxes and other adjustments for the fiscal year under review.

(Additional information)

(Application of consolidated taxation system)

The Company has obtained deemed certification to apply the consolidated taxation system from the fiscal year that begins on January 1, 2016. Therefore, starting from the fiscal year under review accounting treatment has been carried out based on the premise of the consolidated taxation system in accordance with "Tentative Treatment of Tax Effect Accounting Under Consolidated Taxation System (Part 1)" (ASBJ Practical Solution Report No. 5, January 16, 2015) and "Tentative Treatment of Tax Effect Accounting Under Consolidated Taxation System (Part 2)" (ASBJ Practical Solution Report No. 7, January 16, 2015).

(Notes on Balance Sheet)

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

Other than those separately recorded, amounts of pecuniary claims to affiliated companies or pecuniary claims are as follows.

	FY12/14 end (December 31, 2014)	FY12/15 end (December 31, 2015)
Short-term pecuniary claims	630 million yen	682 million yen
Short-term pecuniary debts	13 million yen	18 million yen
Long-term pecuniary debts	7 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.

	FY12/14 end (December 31, 2014)	FY12/15 end (December 31, 2015)
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 Total amount of turnover for business and non-business transactions with affiliated companies are as follows:

	FY12/14 (From January 1, 2014 to December 31, 2014)	FY12/15 (From January 1, 2015 to December 31, 2015)
Turnover for business transaction		
Operating revenue	2,281 million yen	3,486 million yen
Operating expenses	73 million yen	84 million yen
Turnover for non-business transaction	22 million yen	23 million yen

*2. Amounts of main operating expenses, other items are as follows:

	FY12/14 (From January 1, 2014 to December 31, 2014)	FY12/15 (From January 1, 2015 to December 31, 2015)
Salaries and bonuses	501 million yen	407 million yen
Retirement benefit expenses	14 million yen	13 million yen
Commission fee	386 million yen	394 million yen
Depreciation	133 million yen	182 million yen

Please note that all are included in general and administrative expenses.

*3 Details of gains on the sale of fixed assets are as follows.

	FY12/14 (From January 1, 2014 to December 31, 2014)	FY12/15 (From January 1, 2015 to December 31, 2015)
Tools, instruments, and fixtures	—	0 million yen

(Notes on marketable securities)

There are no subsidiary stocks or affiliate stocks with market value.

Balance sheet amounts for stocks of subsidiaries and affiliates for which the assessment of market value is recognized as being extremely difficult. (Millions of yen)

Classification	FY12/14 end (December 31, 2014)	FY12/15 end (December 31, 2015)
(1) Subsidiary stocks	551	551
(2) Affiliate stocks	91	91
Total	642	642

(Notes on tax-effect accounting)

1. Details of deferred tax assets and liabilities, by major causal factors

(Millions of yen)

	FY12/14 end (December 31, 2014)	FY12/15 end (December 31, 2015)
Deferred tax assets		
Provision for retirement benefits	94	105
Loss on revaluation of shares in affiliates	570	516
Gains on sales of stocks of subsidiaries under the Corporation Tax Act	159	144
Loss carried forward	1,052	800
Loss from revaluation of investments in securities	28	9
Other	38	30
Subtotal of deferred tax assets	1,941	1,604
Valuation reserve	(1,800)	(1,221)
Total deferred tax assets	141	383
Deferred Tax Liabilities		
Other	(4)	(4)
Total of deferred tax liabilities	(4)	(4)
Deferred tax assets or liabilities (-), net	137	379

2. Details of differences between effective tax rate and burden rate for income tax after tax-effect accounting is applied, by major causal items

	FY12/14 end (December 31, 2014)	FY12/15 end (December 31, 2015)
Effective tax rate	38.0%	35.6%
(Adjusted)		
Disallowable expenses	0.7	0.1
Dividends received	(0.7)	(22.6)
Per-capita residential tax	1.4	0.3
Valuation reserve	(20.4)	(26.7)
Gains on sales of stocks of subsidiaries under the Corporation Tax Act	(40.7)	—
Adjustment by decreasing end-of-period deferred tax assets due to changes in tax rates	2.3	1.5
Other	(0.1)	0.2
Burden rate for income tax after tax-effect accounting is applied	(19.5)%	(11.6)%

3. Modifications to the amount of deferred tax assets and liabilities due to changes of corporate taxation rates

With the promulgation of the Act for Partial Revision of the Income Tax Act etc. (Act No. 9 of 2015) and the Act for Partial Revision to the Local Tax Act (Act No. 2 of 2015), the effective tax rate calculated based on deferred tax assets and deferred tax liabilities for the fiscal year under review (however, limited to that which will be cancelled on January 1, 2016 and thereafter) has been changed from 35.6% in the previous fiscal year to 33.1% for the period from January 1, 2016 to December 31, 2016 because of collections or payments, and 32.3% for periods subsequently thereafter January 1, 2017.

The impact of this change in tax rates is expected to be minimal.

Major subsequent events

Mention has been omitted here because it appears in notes (major subsequent events) of the consolidated financial statements.

4) Statement schedule

Schedule of property, plant and equipment

Classification	Type of asset	Balance at beginning of current year (millions of yen)	Increase during current year (millions of yen)	Decrease during current year (millions of yen)	Amortization during current year (millions of yen)	Balance at end of current year (millions of yen)	Accumulated depreciation (millions of yen)
Property, plant and equipment	Buildings	47	3	—	8	41	65
	Tools, furniture and fixtures	90	*1 207	0	68	229	187
	Construction in progress	1	217	208	—	10	—
	Total	138	426	208	76	280	252
Intangible assets	Software	284	*2 138	—	109	312	—
	Other	2	—	1	1	0	—
	Total	286	138	1	110	312	—

*1. Main increases in tools, furniture and fixtures, other items are as follows:
VDI related equipment 108 million yen

*2. Main increases in software, other items are as follows:
Various software for in-house use 138 million yen

Schedule of allowances

Classification	Balance at beginning of current year (millions of yen)	Increase during current year (millions of yen)	Decrease during current year (millions of yen)	Balance at end of current year (millions of yen)
Allowance for doubtful accounts (current assets)	46	—	4	42

Note: Decrease in allowance for doubtful accounts (current assets) of 4 million yen for the current fiscal year indicates reversal due to latency.

(2) Details of major assets and liabilities

Comments have been omitted as consolidated financial statements are provided

(3) Others

There are no applicable items

Part 6 Overview of the Shares of Company Affairs

Fiscal year	From January 1 to December 31
Annual general meeting of shareholders	During March
Record date	December 31
Record date for dividends of surplus	June 30, December 31
Number of shares per unit	100 shares
Purchase of odd-lot shares	
Handling position	(Special account) Stock Transfer Agency Business Planning Dept. Sumitomo Mitsui Trust Bank, Limited 1-4-1, Marunouchi, Chiyoda-ku, Tokyo
Administrator of shareholder registry	(Special account) Sumitomo Mitsui Trust Bank, Limited 1-4-1, Marunouchi, Chiyoda-ku, Tokyo
Agency office	—
Negotiation commission	Amount separately determined as stock brokerage commissions
Public announcement method	Announcements by our Company are made through electronic announcements. However, where it is not possible to make announcements through electronic announcements, or where other unavoidable circumstances arise, we list announcements in Nihon Keizai Shimbun. Details about electronic announcements are contained on our homepage (http://www.fullcastholdings.co.jp).
Benefits to shareholders	N/A

Note: Shareholders of the Company who hold shares in a number less than one unit may not exercise rights other than the following in relation to the shares they hold in a number less than one unit.

- The rights stipulated in each item of Paragraph 2, Article 189 of the Companies Act
- The right to make a request in accordance with the provisions of Paragraph 1, Article 166 of the Companies Act
- The right to receive the allotment of shares for subscription and the allotment of share option in accordance with the number of shares held by the shareholder

Part 7 Reference information on submitting companies

1. Information on parent companies of submitting companies

The Company does not have any parent companies.

2. Other reference information

In the period from the start of the 23rd fiscal year until the submission date for annual securities reports, the following documents have been submitted.

(1) Annual securities report, attached documents and confirmation notes

Fiscal year: Term 22 (from January 1, 2014 to December 31, 2014), submitted to the Director General of the Kanto Regional Financial Bureau on March 30, 2015

(2) Internal control report and attached documents

Submitted to the Director General of the Kanto Regional Financial Bureau on March 30, 2015

(3) Quarterly reports and confirmation notes

Term 23, first quarter (from January 1, 2015 to March 31, 2015): Submitted to the Director General of the Kanto Regional Financial Bureau on May 14, 2015

Term 23, second quarter (from April 1, 2015 to June 30, 2015): Submitted to the Director General of the Kanto Regional Financial Bureau on August 13, 2015

Term 23, third quarter (from July 1, 2015 to September 30, 2015): Submitted to the Director General of the Kanto Regional Financial Bureau on November 13, 2015

(4) Extraordinary report

Extraordinary report pursuant to the provisions of Paragraph 2, Item 9-2 of Article 19 of the Cabinet Office Ordinance on Disclosure of Corporate Information, etc. (Results of exercise of voting rights at the annual general meeting of shareholders): submitted to the Director General of the Kanto Regional Financial Bureau on March 31, 2015

Section 2: Information on guaranty companies of submitting companies

There are no applicable items