February 10, 2017

Consolidated Financial Results Announcement for the Fiscal Year Ended December 31, 2016
[Japanese Standards] (Consolidated)

Company name: Fullcast Holdings Co., Ltd.
Stock exchange listing: First Section of the Tokyo Stock Exchange
Stock code: 4848
URL: http://www.fullcastholdings.co.jp
Representative: Kazuki Sakamaki, President, Representative Director and CEO
Contact: Yasuomi Tomotake, General Manager of the Accounting and Finance Department
Telephone: +81-3-4530-4830
Date of Annual General Meeting of Shareholders (Planned): March 24, 2017
Date of submission of annual securities report (Planned): March 27, 2017
Date of dividend payments (Planned): March 10, 2017
Preparation of supplementary references regarding financial results: Yes (shown on our homepage)
Briefing for financial results: Yes (For institutional investors and security analysts)

(Figures are rounded to the nearest million yen)

1. Consolidated Financial Results for the Fiscal Year Ended December 31, 2016
(January 1 – December 31, 2016)

(1) Consolidated business results
(% = year-over-year change)

	Net sales		Operating income		Ordinary income		Net income attributable to Fullcast Holdings Co.,Ltd.	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY12/16	25,340	12.0	2,882	25.5	3,001	38.4	2,529	43.3
FY12/15	22,618	12.1	2,297	42.4	2,168	31.6	1,765	32.1

(Note) Comprehensive income: FY12/16: 2,537 million yen (42.9%) FY12/15: 1,776 million yen (33.3%)

	Net income per share	Diluted net income per share	ROE	Ratio of ordinary income to total capital	Ratio of operating income to sales
	Yen	Yen	%	%	%
FY12/16	65.92	—	30.2	24.1	11.4
FY12/15	45.85	—	24.8	19.6	10.2

(Reference) Investment profit and loss on equity method: FY12/16: 160 million yen FY12/15: (110) million yen

(2) Consolidated financial conditions

	Total assets	Net assets	Equity ratio	Equity per share
	Million yen	Million yen	%	Yen
FY12/16 End	13,272	9,272	69.3	239.98
FY12/15 End	11,622	7,530	64.8	195.65

(Reference) Equity: As of December 31, 2016: 9,200 million yen As of December 31, 2015: 7,530 million yen

(3) Consolidated cash flow

	Net cash provided by (used in)			Cash and cash equivalents at the end of period
	Operating activities	Investing activities	Financing activities	
	Million yen	Million yen	Million yen	Million yen
FY12/16	2,160	-735	-868	6,963
FY12/15	1,339	-296	-921	6,406

2. Dividend Status

	Dividend per share (yen)					Total dividend (annual) (million yen)	Payout ratio (consolidated) (%)	Dividend on equity ratio (consolidated) (%)
	End of Q1	End of Q2	End of Q3	End of FY	Annual			
FY12/15	–	8.00	–	10.00	18.00	693	39.3	9.8
FY12/16	–	10.00	–	11.00	21.00	805	31.8	2.4
FY12/17 Forecast	–	12.00	–	12.00	24.00		42.7	

(Note1) For matters relating to our dividends, please refer to "(3) Fundamental Policy for Allocation of Earnings and Dividends for the Current and Coming Fiscal Years" of "1. Results of Operations" in the "Appendix" on page 6.
(Note2) The above dividend forecast is based on the assumption of realizing a total return ratio (the sum of dividends and treasury shares) of 50% versus adjusted net income.

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

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

	Net sales		Operating income		Ordinary income		Net income attributable to Fullcast Holdings		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First Half	14,323	19.2	1,452	17.9	1,489	11.1	921	-14.8	24.27
Full year	30,000	18.4	3,230	12.1	3,300	10.0	2,123	-16.0	56.09

*** Notes**

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

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

(3) Number of shares issued (common stock)

1) Number of shares issued at term end (including treasury stock)	FY12/16	38,486,400	FY12/15	38,486,400
2) Number of treasury stock at the term end	FY12/16	148,500	FY12/15	—
3) Average number of shares outstanding during the term under review	FY12/16	38,361,505	FY12/15	38,486,400

Reference: Non-Consolidated Financial Results

1. Financial Results for the Fiscal Year Ended December 31, 2016 (January 1 – December 31, 2016)

(1) Business results

(Figures in percentages denote the year-on-year change)

	Operating revenue		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY12/16	4,264	22.3	2,281	42.6	2,320	45.7	2,567	40.2
FY12/15	3,486	52.8	1,599	286.9	1,593	288.1	1,831	274.5

	Net income per share	Diluted net income per share
	Yen	Yen
FY12/16	66.92	–
FY12/15	47.57	–

(2) Financial conditions

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
FY12/16 End	8,353	6,460	77.3	168.49
FY12/15 End	6,589	4,757	72.2	123.60

(Reference) Shareholders' equity: FY12/16: 6,460 million yen FY12/15: 4,757 million yen

* Presentation concerning implementation status of review procedures

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

* Explanation about the proper use of financial business forecast and other important notes

Of all plans, business forecast, strategies and other information provided within this document, those which are not historical facts are future outlooks based upon certain conditions and our management's judgments based upon currently available data. Therefore, we warn against relying solely upon these outlooks in assessing our business results, corporate value and other factors. Please also be informed that actual financial results may vary widely from our business forecast due to various factors. Important factors that may have an impact upon our actual financial results include: (1) the economic and financial conditions surrounding our Company and changes in the employment situation, (2) damages to infrastructure arising from disasters including earthquakes, and (3) changes in the relevant laws, including the Labor Standards Act and the Worker Dispatching Act, and in interpretations of these Acts. However, the factors that affect our financial results are not limited to only these. Furthermore, please note that we may choose not to reexamine our business forecasts in response to new data, future events or other factors. For assumptions underlying our business forecasts and related issues, please refer to Page 3 "1- (1) - 2) Outlook for the Coming Fiscal Year."

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1. Results of Operations

(1) Analysis of Operating Results

1) Results of Operations for the Period

Despite a delayed recovery in some parts, such as sluggish recovery in capital expenditures, Japan's economy continued to undergo a steady recovery during the fiscal year under review on the back of personal consumption that has generally stabilized as well as corporate profits supported by the Government's economic and financial stimulus programs and the improving employment situation. 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. However, there remains downward risks on the economy caused by rising uncertainty over overseas economies, including Brexit and the downturn in resource countries as well as China and emerging Asian countries, and the impacts of fluctuations in financial and capital markets.

With regards to the operating environment surrounding the staffing service industry, the job offers-to-applicants ratio continued to improve and in December 2016 it reached an elevated level not seen since July 1991, or 25 years and 5 months prior. Also, the number of new jobs is on the rise while the unemployment rate improved gradually, indicating the employment situation is steadily improving. As for the future outlook, there is a growing feeling of shortages in corporate manpower and given the fact that companies are maintaining a positive stance toward employment, this feeling of a shortage of manpower is expected to increase further, driving the employment situation to continue improving.

Against this backdrop, the Fullcast Group promoted group management activities with the goal of "Increase profits by expanding core services and improving productivity," and implemented sales activities with a focus on expanding the profitability of the whole Group centered on its mainstay "part-time worker placement (hereafter referred to as placement)" as well as "part-time worker payroll management services and My Number management services (hereafter referred to as management)" during the fiscal year under review. In addition, the Group worked on creating a structure for realizing increased profits by raising productivity and pushing forward with measures to enhance the operating efficiencies of the entire Group.

Consolidated net sales increased 12.0% year-on-year to 25,340 million yen. This sales growth is attributed primarily to growth in both "placement" and "management" services, which are mainstay in shrot-term operational support business, as well as "outsourcing" and "dispatching" services.

In terms of profitability, consolidated operating income increased 25.5% year on year to 2,882 million yen due to the effects of increased income from the short-term operational support business and a reduction in the SG&A ratio achieved through initiatives to improve operational efficiencies.

Consolidated ordinary income increased 38.4% year on year to 3,001 million yen, because income was booked on share of profit of entities accounted for using equity method.

Net income attributable to Fullcast Holdings Co., Ltd. rose 43.3% year on year to 2,529 million yen. This growth was driven by the introduction of consolidated tax payments, which reduced the tax burden, and the booking of deferred tax assets related to retirement benefit obligations mainly due to changes in tax effect classification, resulting in a decrease in corporate incomem, resident and business taxes.

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 return on equity (ROE) playing an important role in our goal of achieving "improvement in corporate value," using an approach to realize return on equity (ROE) in excess of our cost of capital, which reflects the expected returns by shareholders and investors from our company. The Group will continue our efforts to achieve adjusted ROE of 20% or higher, which is derived from net income attributable to Fullcast Holdings Co., Ltd. excluding the influence of income taxes-deferred arising from recording of deferred tax assets for loss carried forward.

Although ROE at the end of this fiscal year was 30.2%, adjusted ROE was 30.9%, an improvement of 10.0% points from 20.9% at the end of the previous fiscal year.

Starting from the fiscal year under review, the Company began applying "Accounting Standard for Business Combinations" (ASBJ Statement No.21, September 13, 2013), whereby changing the notation of "net income" to "net income attributable to Fullcast Holdings Co., Ltd."

The Group acquired the shares of Dimension Pockets Co., Ltd. on August 10, 2016, making it a consolidated subsidiary. Of the Company's consolidated subsidiaries, however, the fiscal year end for Dimension Pockets Co., Ltd. is January 31. Consolidated financial statements were prepared based on a provisional settlement conducted on the consolidated account settlement date. The final day of the business year of other consolidated subsidiaries all match the consolidated account settlement date.

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

The name of the "security business" segment was changed to "security, other businesses" due to the acquisition of shares of Dimension Pockets Co., Ltd. in the third quarter of the fiscal year under review and the subsequent inclusion of this company in the scope consolidation.

a) Short-term operational support business

Net sales of the short-term operational support business increased 12.6% year on year to 23,225 million yen, driven by efforts focused on increasing the number of customers and steady growth realized across all services within the short-term operational support business. By service classification, net sales increased for core "placement" and "management" services owing to an increase in the number of customers and the launch of the "My Number management" service contributed to increased sales in "management"services. Sales of "outsourcing" services, too, increased after orders were received for "outsourcing" derived from short-term sales promotion operations and inventory taking operations at storefronts. Also, sales for "dispatching" services increased thanks to efforts to respond to the needs of customers requiring long-term staffing.

In terms of profits, segment operating income rose 23.4% year on year to 3,478 million yen, owing to a reduced SG&A ratio achieved through efforts to improve productivity, including actively hiring part-time workers and making changes to daily operations, as well as the positive influence of higher sales from growth in mainstay services, "dispatching", and "outsourcing."

b) Security, other businesses

Net sales of Security, other businesses rose 6.0% year on year to 2,116 million due mainly to an increase in the number of the temporary security projects throughout the fiscal year.

In terms of profits, during the third quarter of the fiscal year the goodwill (14 million yen) associated with the acquisition of shares of Dimension Pockets Co., Ltd. was fully amortized at once, but the positive influence of higher sales helped drive segment operating income up 40.5% year on year to 108 million yen.

2) Outlook for the Coming Fiscal Year

The Fullcast Group established a five-year medium-term management plan (FY16 – FY20) beginning in the fiscal year ended December 2016 and is now working to achieve the goals of this plan.

As the first year of the medium-term management plan, this fiscal year the Company undertook Group management with the goal of "Increase profits by expanding core services and improving productivity." As a result, net sales and gross profit were largely on par with forecasts because of solid results from core "placement" and "management" services and better-than-expected growth achieved by meeting the needs of customers who prefer "dispatching"and "outsourcing" services in the short-term operational support business. Due to initiatives to raise productivity, SG&A expenses were kept below the earnings forecast, while operating income exceeded the earnings forecast.

During the next fiscal year, the Company has established to goal of "Realize increased profits through deployment of the Group's collective strengths and improved productivity." Toward this end, efforts will be made to increase profits by increasing revenue by boosting the profits of the entire Group centered on the core of "placement" and "management" services through enhanced Group synergies and the further cultivation of existing businesses, and raising productivity by continuing to increase operating efficiencies.

We will also seek to achieve adjusted ROE of 20%, which is an indicator of “improvement of corporate value” by carrying out management that focuses on capital efficiencies.

The reason why ordinary income in the earnings forecast increased compared to the previous fiscal year, but profit attributable to Fullcast Holdings Co., Ltd. declined is because the loss that could be carried forward from the previous fiscal year is expected to be fully used up during the fiscal year ending December 2017 and the adjustment for corporate and other taxes had a negative impact on profit and loss due to the fact that the effective tax amount will increase and the reversal of deferred tax assets associated with the elimination of the loss carried forward.

Forecast for Consolidated Financial Results for the Fiscal Year Ending December 31, 2017
(January 1 – December 31, 2017)

(Million yen)

	FY12/16 Result	FY12/17 Forecast	Rate of change
Net sales	25,340	30,000	18.4%
Operating income	2,882	3,230	12.1%
Ordinary income	3,001	3,300	10.0%
Net income attributable to Fullcast Holdings Co., Ltd.	2,529	2,123	(16.0)%
Equity per share	65.92	56.09	(14.9)%

Note1: The Company acquired the shares of F-Plain Corporation an affiliate under the equity method (as of December 31, 2016; 23.8% of voting rights), on January 26, 2017, making it a consolidated subsidiary (78.2% of voting rights) from the fiscal year ending December 2017. At the same time, the earnings forecast for the fiscal year ending December 2017 takes into account the earnings forecasts of F- Plain Corporation and it’s wholly owned subsidiary M’s Line Co., Ltd.

Note2: Net income per share for fiscal year ending December 2017 is calculated in accordance with the following formula:

Note3: “Net income” used in the calculation of net income per share is now “net income attributable to Fullcast Holdings Co., Ltd.”

$$\text{Estimated net income per share} = \frac{\text{Forecast for net income applicable to common stock}}{\text{Estimated number of common shares outstanding during the fiscal year ending December 31, 2017}}$$

(2) Analysis of Financial Position

1) Assets, liabilities and net assets

At the end of the current fiscal year, our total consolidated assets increased by 1,649 million yen from the end of the previous fiscal year to 13,272 million yen. At the same time, equity capital increased by 1,671 to 9,200 million yen (capital adenquacy ratio of 69.3%) and net assets grew by 1,742 to 9,272 million yen.

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

Current assets increased by 685 million yen from the end of the previous fiscal year to10,875 million yen at the end of the current term. This increase is attributed mainly to increases in cash and cash deposits of 557 to 6,963 million yen, notes and accounts receivable-trade of 195 to 3,107 million yen, and other current assets of 65 million yen to 476 million yen due mainly to accounts receivable-other of 35 to 264 million yen, despite a decline in deferred tax assets of 131 to 332 million yen arising from the recognition of tax effects for deduction of losses carried forward.

Noncurrent assets increased by 965 million yen from the end of the previous fiscal year to 2,396 million yen. This is attributed mainly to increases of buildings and structures (net) of 239 to 346 million yen and land of 257 to 257 million yen due to impacts including the scope of consolidated expanded to include Dimension Pockets Co., Ltd., investment securities of 293 to 644 million yen due to the acquisition of shares of Beat Co., Ltd., and deferred tax assets of 190 to 191 million yen owing primarily to the new recognition of tax effects related to retirement benefit obligations because of changes in classification of company categories used for calculating the amount of deferred tax assets booked, which offset the decline in tools and equipment (net) of 51 to 209 million yen.

Current liabilities decreased by 183 million yen from the end of the previous fiscal year to 3,428 million yen at the end of the current fiscal year. This decrease is due mainly to increases in accrued expenses of 61 to 799 million yen, and other current liabilities of 67 million yen to 240 million yen due mainly to social insurance premium deposits of 19 to 139 million yen and withholding tax deposits of 30 to 47 million yen despite accrued income taxes declined by 310 to 194 million yen.

Noncurrent liabilities increased by 90 million yen from the end of the previous fiscal year to 572 million yen. This is attributed to an increase in long-term borrowings of 72 to 72 million yen due to impacts including the scope of consolidated expanded to include Dimension Pockets Co., Ltd. and liabilities related to retirement benefits of 10 to 432 million yen.

2) Cash flows

At the end of the current fiscal year, cash and cash equivalents (hereafter referred to as “funds”) increased by 557 million yen (Compared with a 122 million yen increase in the previous year) from the end of the previous fiscal year to 6,963 million yen at the end of the current fiscal year.

(Net cash from operating activities)

Funds provided by operating activities were 2,160 million yen (Compared with 1,339 million yen of funds provided in the previous year), due mainly to income before income taxes and minority interests of 2,995 million yen, depreciation and amortization of 272 million yen, refunds of income taxes of 198 million yen, and an increase in accrued expenses of 57 million yen, versus payments of income taxes of 1,052 million yen, investment income due to equity method of 160 million yen, and an increase in notes and accounts receivable-trade of 162 million yen.

(Net cash from investing activities)

Funds used by investing activities were 735 million yen (296 million yen in funds used in the previous year), due mainly to expenditure for purchase of property, plant and equipment of 338 million yen, expenditure for purchase of intangible assets of 164 million yen, expenditure for the purchase of investment securities of 122 million yen, expenditure for the purchase of shares of a subsidiary associated with changes in the scope of consolidation of 160 million yen,

(Net cash from financing activities)

Funds used by financing activities were 868 million yen (Net cash outflow of 921 million yen in the previous year) due to payment of dividends of 767 million yen and expenditure for the purchase of treasury stock of 100 million yen.

(Trends in Cash Flow Indexes)

	FY12/14	FY12/15	FY12/16
Shareholders’ equity (million yen)	6,678	7,530	9,200
Shareholders’ equity ratio (%)	63.3	64.8	69.3
Ratio of interest-bearing debt to cash flow (%)	47.8	45.7	35.9
Interest coverage ratio (times)	271.7	283.5	386.2
Market capitalization based equity ratio (%)	176.5	248.0	278.5

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

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

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

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

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

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

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

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

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

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

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

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."

During the current term, a dividend of 21 yen per share, an increase of 3 yen from the previous year and 1 yen from forecast, will be paid. At the end of the fiscal year, a dividend of 11 yen per share will be paid and share buybacks totaling up to 498 million yen will be conducted. As a result, the total return ratio for the fiscal year ended December 2016 is expected to be 50.4% or higher.

As for the dividends in the next fiscal year, we will maintain an adjusted ROE target of 20% or greater and 50% total return ratio as targets for our policy regarding returns of profits to shareholders. As part of our policy of maintaining a flexible return of profits to shareholders, we have the option to offer a dividend or stock buyback, or both at the current point in time. We forecast an interim dividend of 12 yen per share and a year-end dividend of 12 yen per share, for a total annual dividend of 24 yen per share.

Note 1: "Adjusted net income" represents net income attributable to Fullcast Holdings Co., Ltd. excluding the effects of income taxes—deferred associated with the booking of deferred tax assets within the loss carried forward. "Adjusted net income" is used as the based for calculating the total return ratio.

Note 2: "Adjusted ROE" represents ROE calculated based on adjusted net income.

(4) Risks Associated with Our Businesses

Major potential risk factors for the Fullcast Group in the course of our business operations are described below. As part of our policy of proactive disclosure of information to investors, 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 management strategy decisions and tactical implementation take longer than anticipated and the contribution to our earnings does not proceed as planned, our Group's earnings could be negatively impacted.

Within the short-term operational support business we are engaging in a new business model that focuses on both "part-time worker placement" and "part-time worker payroll management" services in response to the Revised Worker Dispatching Act implemented on October 1, 2012. We also launched the "My Number management service" in October 2015, and the "year-end tax adjustment management service" in December 2016 as our newest service offerings. If business earnings do not progress according to forecasts, the performance of the Group could potentially be adversely affected.

Looking forward, in addition to reinforcing its existing businesses, the Group has the potential to commence new business ventures through the establishment of new companies, M&A and business tie-ups, among other means.

However, there are many elements of uncertainty surrounding new business ventures, and in cases where the initially expected synergies are not achieved and business profit does not meet forecasts due to changes in the business environment surrounding the Group or changes in legal regulations related to the new business venture, the performance of the Group could potentially 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 applied 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. This license is valid for 5 years, and if it cannot be renewed when required because of non-compliance with the licensing requirements of Article 7, or if there is a violation of relevant laws and regulations or if there is grounds to disqualify our license as prescribed in Article 6, or if there is grounds to cancel our license as prescribed in Article 14, our Group should become subject to disqualification, our license could be cancelled or orders to suspend or halt our operations could be issued.

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 due to some reason in the future, we may be unable to continue providing worker dispatching services and our Group's business performance could be seriously impacted.

d) Various Management Services Including Part-Time Worker Payroll Management Service, etc.

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 impacted if we cannot absorb these costs through increased efficiencies of our overall operations and other cost cutting measures.

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

On October 1, 2016, the scope of health insurance and employees' pension insurance (social insurance) was expanded to include short-term workers. The impact of this legal revision on consolidated earnings is minimal, but in the future, if legal revisions further expand the scope of social insurance and employment insurance, or if the number of employees enrolled in social insurance increases due to the growth of the worker dispatch or outsourcing businesses owing to the prolonged need of short-term human resources because of chronic labor shortages at customer companies, the amount of social insurance premiums borne by the Company will increase. Also, this could lead to an increase in the number of cases requiring procedures for obtaining or losing coverage qualifications, which in turn could increase costs for clerical work. 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 in 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 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.

6) Other Businesses (Hotel and Restaurant Business) under Security, Other Businesses

Fullcast Group acquired the shares of Dimension Pockets Co., Ltd. on August 10, 2016 and as a result of this acquisition and new inclusion of the company within the scope of consolidation, the Company now engages in hotel and restaurant businesses as other businesses within the security, other business segment from the current fiscal year. As a result, the following operational risks have newly emerged. Additionally, since the scale of the business results of the security, other businesses segment for the fiscal year ended December 2016 is smaller than the short-term operational support business segment, the impacts that the following operational risks could have on the Group's business performance have been determined to be limited in nature.

a) Occurrence of natural disasters and pandemics

The occurrence of a natural disaster such as large-scale earthquake or typhoon, etc., could damage the buildings and facilities operated by the Group and could cause the Company to bear expenses for repair work or suffer a loss of sales from a temporary shutdown of operations. In addition, the occurrence or spread of a new pandemic such as a new form of influenza or SARS, etc., could result in restrictions on long-distance travel and group activities, causing adverse effects on the Group's business performance.

b) Outbreak of terrorism or war

Changes in the global situation due to the outbreak of terrorism or international warfare are expected to result in a drop in foreigner customers due to voluntary cutbacks on international travel and damping of consumer mindsets toward leisure and celebratory spending, which could impact the Group's business performance.

c) Problems related to food safety

The Company pays sufficient attention to food safety and the labeling of the consume-by date, best-if-eaten-by date, origin, and ingredients on a daily basis. If an incident of food poisoning occurs or if labeling is incorrect, this could lead to a loss of trust in the Company and impact the Group's business performance.

d) Leakages of personal information or trade secrets

The management of customers' personal information and trade secrets is primarily the responsibility of information management and monitoring departments within the Company. While measures are in place to prevent leakages externally, if a leakage does occur, it could cause a loss of trust in the Group, weaken the brand, and result in claims for damages, which could affect the Group's business performance.

e) Legal regulations

The hotel and restaurant businesses being engaged in as the other businesses within the Group's security and other businesses segment are subject to the legal regulations of the Inns and Hotels Act, the Building Standards Act, the Fire Services Act, and the Food Sanitation Act, among others. The Group strives to comply with these laws and regulations, but in case these regulations are reinforced or revised or new regulations are established, there is a possibility of incurring necessary costs to comply with such regulations and having restrictions placed on operations due to these regulations, which could affect the Group's business performance and its financial condition.

f) Impairment of plant, property and equipment

The Group owns real estate such as land, buildings and facilities as plant, property and equipment due to the special characteristics of operating hotels and restaurants as other businesses under the security, other businesses segment. There is a possibility that these owned assets will require impairment treatment in cases where the profitability of the facility deteriorates or the market value falls, per application of "the Accounting Standard for Impairment of Fixed Assets" and "the Application Guidelines for Accounting Standards Pertaining to the Impairment of Fixed Assets". In such cases, the the Group's business performance and its financial condition could be affected.

g) Interest-bearing debt

The Group undertakes investments mainly for the new establishment of hotel or restaurant facilities or the remodeling of existing facilities in order to increase corporate value over the medium to long term through the expansion of its business foundation and earnings power. Going forward, if borrowings are increased for undertaking capital investments related to the remodeling of existing facilities or the development of new facilities, there is a possibility the Group's financial condition could change.

h) Risk of interest rate fluctuations

The Group borrows funds from financial institutions and part of these borrowings is funded using variable interest rates. If interest rates change suddenly and considerably in the future, the Company's interest expenses may increase, which could affect the Group's financial condition.

2. Corporate Group

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

We provide descriptions of the status of affiliated companies and a diagram of our business activities as of December 31, 2016 as follows.

(1) Status of Affiliated Companies

Company	Location	Capital (mil. yen)	Major business activities	Voting shares (%)	Issues to be noted
(Consolidated subsidiary) Fullcast Co., Ltd. (Note 2, 4)	Shinagawa-ku, Tokyo	80	Short-term operational support business	100.0	- 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
Work & Smile 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 Senior Works 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
Otetsudai Networks Inc.	Shinagawa-ku, Tokyo	50	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 Advance Co., Ltd (Note 4)	Shinagawa-ku, Tokyo	50	Short-term operational support business Security、other 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
Dimension Pockets Co., Ltd.	Kunigami Gun, Okinawa Prefecture	136	Security、other business	67.0	- Provide management advice service. - Provides financial support: borrowing operating capital
Fullcast Business Support Co., Ltd.	Shinagawa-ku, Tokyo	9	Whole company	100.0	- Sublet a part of our rented building to this company for office use. -Provide services such as business outsourcing and system lease. - Provides financial support: borrowing and lending operating capital
(Equity method affiliate) F-PLAIN Corporation	Minato-ku, Tokyo	681	Agency agreement, sales agency operation	23.81	- Concurrent directorates: 2
Beat Co., Ltd.	Yokohama-shi, Kanagawa	50	Business process outsourcing Worker dispatch business	30.0	- Concurrent directorates: 1

Notes 1: The “Major business activities” category follows the business segment classification.

Notes 2: Specified subsidiary.

Notes 3: None of the companies listed above have submitted securities registration statements or securities reports.

Notes 4: Sales by Fullcast Co., Ltd. and Fullcast Advance Co., Ltd. (excluding internal sales among consolidated companies) account for over 10% of consolidated sales.

Notes 5: The Company acquired the shares of F-PLAIN Corporation, an affiliate under the equity method (as of December 31, 2016; 23.8% of voting rights), on January 26, 2017, making it a consolidated subsidiary (78.2% of voting rights). At the same time, F-PLAIN Corporation’s wholly owned subsidiary M’s Line Co., Ltd., too, became a consolidated subsidiary.

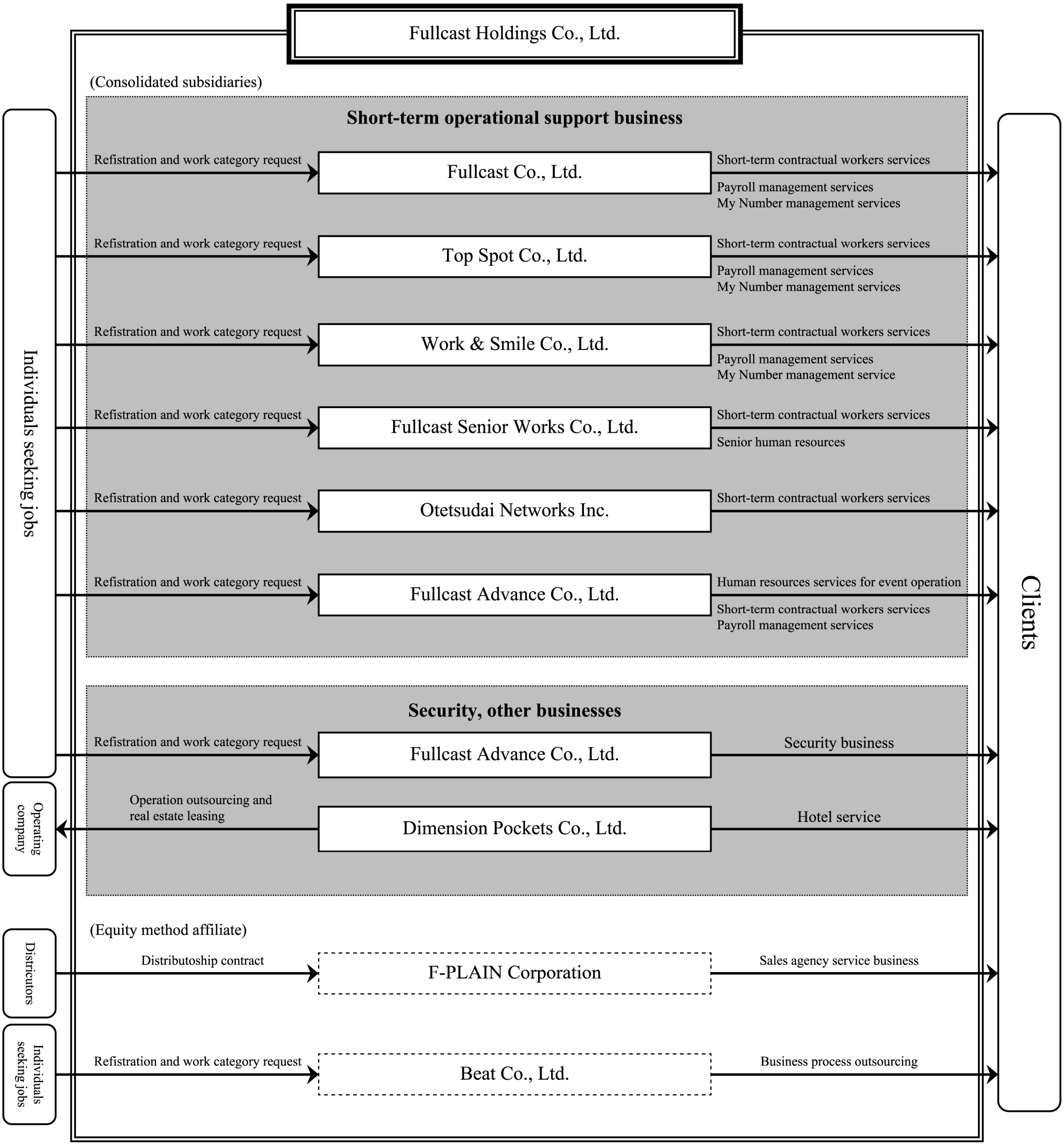
Key information about profit and loss

(Million yen)

	Fullcast Co., Ltd.	Fullcast Advance Co., Ltd.
Sales	19,903	3,993
Ordinary income	1,951	94
Net income	1,253	145
Net assets	1,954	526
Total assets	4,864	1,133

(2) Diagram of Business Activities

A diagram of our business activities is shown below:



Note 1: The above diagram is current as of December 31, 2016.
Note 2: [double-bordered box] is Fullcast Holdings Co., Ltd., [solid box] is a consolidated subsolidaty, [dashed box] is a equity method affiliate.
Note 3: On February 2, 2016, the Company established Work & Smile Co., Ltd. to engage in the short-term operational support business and made it a consolidated subsidiary.
Note 4: On November 1, 2016, the Company established Fullcast Senior Works Co., Ltd. to engage in the short-term operational support business and made it a consolidated subsidiary.
Note 5: On August 10, 2016, the Company acquired the shares of Dimension Pockets Co., Ltd. and made it a consolidated subsidiary.
Note 6: On March 25, 2016, the Company acquired the shares of Beat Co., Ltd. and made it an affiliate under the equity method.
Note 7: The Company acquired the shares of F-PLAIN Corporation, an affiliate under the equity method (as of December 31, 2016; 23.8% of voting rights), on January 26, 2017, making it a consolidated subsidiary (78.2% of voting rights). At the same time, F-PLAIN Corporation’s wholly owned subsidiary M’s Line Co., Ltd., too, became a consolidated subsidiary.

3. Management Policies

(1) Fundamental Management Policies

Our Group considers the "sustained improvement of corporate value" to be one of its most important management issues.

We manage our business by focusing upon capital efficiency and identify ROE as target indicator to reflect "improvement of corporate value" based on the goal of realizing ROE in excess of our capital cost, which represents the expected returns by shareholders and investors from our company.

(2) Target Management Indicators

Our Group will endeavor to maximize corporate value by striking a balance between profitability and growth. At the same time, our management will endeavor maintain a solid financial standing and implement strategies that focus upon capital efficiency. Also, we maintain a goal of realizing a debt-to-equity ratio target of no more than 0.5 times to maintain appropriate debt levels that will enable us to make investments necessary to secure growth while maintaining financial soundness. The Fullcast Group also seeks to achieve adjusted ROE* of 20% or higher as a target indicator of "improvement of corporate value."

*We have losses carried forward due to losses incurred in the past. Since tax effect accounting is determined by forecasts and estimates for future events, deferred tax assets may vary substantially with future changes. Accordingly our ROE will be calculated based upon net income attributable to Fullcast Holdings Co., Ltd. excluding the influence of income taxes-deferred arising from recording of deferred tax assets for loss carried forward as the "adjusted ROE," with the goal of achieving "improvement of sustainable corporate value."

(3) Medium to Long Term Management Strategies

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

According to our "Medium Term Management Plan (FY2016 to 2020)" that begins in FY2016, we seek to achieve a new record high level of profits (*) by FY2020, the final year of the Medium Term Management Plan, based upon the following initiatives.

(*Operating income of 4,720 million yen recorded in the fiscal year ended September 2006)

(1) As a primary initiative, we will work to further bolster the short-term operational support business and expand the security business.

(2) As a secondary initiative, we will consider new business ventures and begin preparing for global expansion.

(4) Key Management Issues

Our Group formulated the "Medium-Term Management Plan" that began in the fiscal year ended December 2016 in order to realize the "improvement of corporate value," and the Company is now implementing this plan. During the second year of this plan, the fiscal year ending December 2017, we have positioned "Realize increased profits through deployment of the Group's collective strengths and improved productivity" as the main task of management, and we are now working toward this goal.

1) Sustained improvement of Corporate Value

As stated in (1) Fundamental Management Policies and (2) Target Management Indicators, 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 capital efficiency through the maintenance of an appropriate level of shareholder equity while at the same time continuing to return profits to shareholders. In addition, we seek to realize further expansion of profits in the "part-time worker placement" and "part-time worker payroll management" services, which are the main 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 further increase 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."

During the fiscal year ended December 2016, the initial fiscal year of the plan, the number of instances of dispatch per worker increased as a result of responding to the needs of customers focused on our "dispatching" and "outsourcing" services, despite a failure to reach the target number of operating workers, resulting in the initial fiscal year targets for consolidated net sales and consolidated operating income being achieved as planned under the medium-term management plan. The Company will continue to work toward achieving the targets for the final fiscal year of the medium-term management plan.

The plan of fiscal year ending December 2017 was reconsidered, however the assumptions for achieving the targets of the final fiscal year of the medium-term management plan remain unchanged at present, and therefore, the Company has decided to leave the planned targets for each individual fiscal year unchanged.

Result of first year, fiscal year ended December 2016, of the medium-term management plan

(billion yen)

		FY2016 Target	FY2016 Results	Rate of change
Net Sales	Consolidated	24.6	25.3	102.8%
	I. Short-term operational support business	22.5	23.2	103.0%
	Placement	4.2	3.8	90.7%
	Management	2.5	2.4	94.5%
	Dispatching	13.1	13.9	105.8%
	Outsourcing	2.7	3.2	116.7%
	II.Security business	2.1	2.1	100.0%
	III. New business ventures & global business	-	0	-
Taget	Operating income (billion yen)	2.6	2.9	109.6%
	Number of operating workers(persons)	191,900	187,922	97.9%
	Gross profit per 1 yen of personnel costs	2.4 yen	2.5 yen	104.4%

Note 1: Of the net sales of the "Security, other businesses" segment, net sales related to Dimension Pockets Co., Ltd. is recorded under "New business ventures & global business."

Note 2: The target number of operating workers under the medium-term management plan represents the unique number of persons employed in services excluding "management" of Fullcast Co., Ltd. and Top Spot Co., Ltd.

Note 3: The net sales figure for each service category is a reference figure and has not undergone an accounting audit by an audit corporation.

(Reference)

An overview of the “Medium-Term Management Plan (FY16 to FY20)” is presented below.

a) Term

Five year period beginning in the fiscal year ended 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

	FY2015 Results	FY2020 Target	Rate of change
Operating income (billion yen)	2.3	5.0	116%
Number of operating workers (persons)	165,304	257,400	56%
Gross profit per 1 yen of personnel costs	2.4 yen	2.8 yen	20%

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

Short-term operational support business

“Increase market share while maintaning 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 “enhansing sustained corporate value”: Maintain ROE above 20%

Indicator for shareholder returns: Total return ratio of 50%

Indicator underpining 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 2017

Under the target for the fiscal year ending December 2017 to “Realize increased profits through deployment of the Group’s collective strengths and improved productivity,” we will continue to increase the earnings of the entire Fullcast Group with a focus on the core “part-time worker placement” and “part-time worker payroll management” services and increase profitability by improving operational efficiencies of the entire Fullcast Group and by raising productivity.

a) Enhance productivity through the strengthening of synergy within the group

- Meet the need to accommodate staff with different work-styles by facillitating and utilizing systems for simultaneous cross-registration of staff across Group companies and for recruit information sharing
- Build a framework for meetings clients' needs on a group-wide basis by strengthening sales-related coordination between Group companies
- Enhance operational efficiency and boost productivity by responding to the needs of both staff and client companies on a group-wide basis

b) Expansion of business through the growth of new brands and launch of new services

- Secure new staff and new client companies by developing new brands in addition to the existing Fullcast brand, thereby realizing a further strengthening of group synergy in terms of both staff recruitment and sales activities
- Expand the network of business locations of our new company Work & Smile Co.,Ltd. (which is focused on the Short-term operational support business) in the Kansai area
- Develop a new employment services business focused on senior citizens through the commencement of business operations by Fullcast Senior Works Co.,Ltd. on March 1, 2017, with the aim of further expanding our Short-term operational support business
- The Company will seek out mutual utilization of management resources between newly consolidated F-PLAIN Corporation and the Group.

c) Expand BPO business

- Further enhancing "My Number Management" service to provide client companies with a range of service offerings characterized by even higher value-added
- Work to expand sales and boost revenue from the new "Year-end Tax Adjustment Management" service that was launched in October 2016
- Strive to expand our BPO business through the launch of new BPO services oriented more closely towards customer needs, such as "employee payroll management" service, etc.

4. Fundamental Principles on Selection of Accounting Standards

Our Group has a policy of preparing consolidated financial statements in accordance with Japanese Accounting Standards (Japanese GAAP) because of the ease of comparison with other companies and given the increased burden required to prepare consolidated financial statements in accordance with International Financial Reporting Standards (IFRS).

Furthermore, we will continue to consider conditions in both Japan and abroad with regards to the potential implementation of IFRS.

5. Consolidated Financial Statements

(1) Consolidated Balance Sheet

(Million yen)

	FY12/15 end (December 31, 2015)	FY12/16 end (December 31, 2016)
ASSETS		
Current assets		
Cash and deposits	6,406	6,963
Notes and accounts receivable-trade	2,912	3,107
Merchandise	5	5
Supplies	13	10
Deferred tax assets	463	332
Other	412	476
Allowance for doubtful accounts	(19)	(17)
Total current assets	10,191	10,875
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	303	*3 550
Accumulated depreciation and impairment loss	(196)	(204)
Buildings and structures, net	107	346
Machinery equipment and vehicles	5	8
Accumulated depreciation and impairment loss	(5)	(6)
Machinery, equipment and vehicles, net	1	2
Tools, furniture and fixtures	629	654
Accumulated depreciation and impairment loss	(369)	(445)
Tools, furniture and fixtures, net	260	209
Land	-	*3 257
Construction in progress	10	32
Total property, plant and equipment	377	846
Intangible assets		
Software	338	333
Other	22	22
Total intangible assets	359	354
Investments and other assets		
Investment securities	*1 351	*1 644
Guarantee deposits	288	308
Deferred tax assets	2	191
Other	88	58
Allowance for doubtful accounts	(33)	(6)
Total investments and other assets	695	1,196
Total noncurrent assets	1,431	2,396
Total assets	11,622	13,272

(Million yen)

	FY12/15 end (December 31, 2015)	FY12/16 end (December 31, 2016)
LIABILITIES		
Current liabilities		
Notes and accounts payable-trade	5	8
Short-term loans payable	*2 1,000	*2 1,008
Current portion of long-term loans payable	-	*3 5
Accounts payable-other	607	589
Accrued expenses	738	799
Income taxes payable	505	194
Accrued consumption taxes	583	585
Other	174	240
Total current liabilities	3,611	3,428
Noncurrent liabilities		
Long-term loans payable	-	*3 72
Net defined benefit liability	422	432
Asset retirement obligations	38	48
Deferred tax liabilities	7	6
Other	14	15
Total noncurrent liabilities	482	572
Total liabilities	4,093	4,000
NET ASSETS		
Shareholders' equity		
Capital stock	2,780	2,780
Capital surplus	2,006	2,006
Retained earnings	2,727	4,488
Treasury stock	-	(100)
Total shareholders' equity	7,513	9,174
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	17	27
Total accumulated other comprehensive income	17	27
Non-controlling interests	-	71
Total net assets	7,530	9,272
Total liabilities and net assets	11,622	13,272

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

Consolidated Profit and Loss Statement

(Million yen)

	FY12/15 (From January 1, 2015 to December 31, 2015)	FY12/16 (From January 1, 2016 to December 31, 2016)
Net sales	22,618	25,340
Cost of sales	14,363	16,083
Gross profit	8,256	9,258
Selling, general and administrative expenses		
Salaries and bonuses	1,859	1,967
Other salaries	920	1,031
Legal welfare expenses	407	433
Retirement benefit expenses	102	76
Communication expenses	187	194
Traveling and transportation expenses	270	289
Rents	524	552
Depreciation	220	265
Advertising expenses	39	68
Recruitment expenses	397	470
Provision of allowance for doubtful accounts	6	3
Amortization of goodwill	-	14
Other	1,029	1,014
Total selling, general and administrative expenses	5,959	6,376
Operating income	2,297	2,882
Non-operating income		
Interest income	1	1
Dividends income	1	1
Share of profit of entities accounted for using equity method	-	160
Reversal of accounts payable	3	1
Insurance income	4	0
Other	10	11
Total non-operating income	20	174
Non-operating expenses		
Interest expenses	8	7
Damage compensation expenses	3	4
Settlement package	8	9
Penalties	1	7
Levies for the employment of persons with disabilities	7	10
Share of loss of entities accounted for using equity method	110	-
Other	12	18
Total non-operating expenses	148	56
Ordinary income	2,168	3,001

(Million yen)

	FY12/15 (From January 1, 2015 to December 31, 2015)	FY12/16 (From January 1, 2016 to December 31, 2016)
Extraordinary income		
Gain on sales of investment securities	48	-
Compensation income for expropriation	-	21
Other	*1 0	*1 4
Total extraordinary income	48	25
Extraordinary loss		
Loss on retirement of noncurrent assets	*3 6	*3 18
Office transfer expenses	-	12
Other	*2 0	*2 1
Total extraordinary losses	6	31
Income before income taxes	2,209	2,995
Income taxes-current	720	534
Income taxes-deferred	(276)	(66)
Total income taxes	445	468
Net income	1,765	2,527
Net loss attributable to non-controlling interests	-	(2)
Net income attributable to Fullcast Holdings Co., Ltd.	1,765	2,529

Consolidated Statement of Comprehensive Income

(Million yen)

	FY12/15 (From January 1, 2015 to December 31, 2015)	FY12/16 (From January 1, 2016 to December 31, 2016)
Net income	1,765	2,527
Other comprehensive income		
Valuation difference on available-for-sale securities	6	4
Share of other comprehensive income of entities accounted for using equity method	5	6
Total other comprehensive income	* 11	* 10
Comprehensive income	1,776	2,537
Comprehensive income attributable to		
Comprehensive income attributable to Fullcast Holdings Co., Ltd.	1,776	2,539
Comprehensive income attributable to non-controlling interests	-	(2)

(3) Consolidated Statements of Shareholders' Equity

Consolidated accounting period for the previous fiscal year (From January 1, 2015 to December 31, 2015)

(Million 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 attributable to Fullcast Holdings Co., Ltd.			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

Consolidated accounting period for the current fiscal year (From January 1, 2016 to December 31, 2016)

(Million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of current period	2,780	2,006	2,727	-	7,513
Changes of items during the period					
Dividend of Surplus			(768)		(768)
Net income attributable to Fullcast Holdings Co., Ltd.			2,529		2,529
Acquisition of treasury stock				(100)	(100)
Net changes of items other than shareholders' equity					
Total changes of items during the period	-	-	1,761	(100)	1,661
Balance at the end of current period	2,780	2,006	4,488	(100)	9,174

	Accumulated other comprehensive income		Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income		
Balance at the beginning of current period	17	17	-	7,530
Changes of items during the period				
Dividend of Surplus				(768)
Net income attributable to Fullcast Holdings Co., Ltd.				2,529
Acquisition of treasury stock				(100)
Net changes of items other than shareholders' equity	10	10	71	81
Total changes of items during the period	10	10	71	1,742
Balance at the end of current period	27	27	71	9,272

(4) Consolidated Cash Flows Statement

(Million yen)

	FY12/15 (From January 1, 2015 to December 31, 2015)	FY12/16 (From January 1, 2016 to December 31, 2016)
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	2,209	2,995
Depreciation	224	272
Amortization of goodwill	-	14
Increase (decrease) in allowance for doubtful accounts	(7)	(30)
Increase (decrease) in provision for bonuses	(0)	(0)
Increase (decrease) in net defined benefit liability	63	10
Interest and dividends income	(2)	(2)
Interest expense	8	7
Compensation income for expropriation	-	(21)
Loss (gain) on sales of investment securities	(48)	-
Share of (profit) loss of entities accounted for using equity method	110	(160)
Loss on retirement of noncurrent assets	2	18
Office transfer expenses	-	12
Decrease (increase) in notes and accounts receivable-trade	(323)	(162)
Decrease (increase) in inventories	3	3
Increase (decrease) in notes and accounts payable-trade	58	9
Decrease (increase) in accounts receivable-other	(14)	(32)
Increase (decrease) in accrued expenses	82	57
Increase (decrease) in accrued consumption taxes	(105)	2
Other, net	(71)	27
Subtotal	2,189	3,020
Interest and dividends income received	2	2
Interest expenses paid	(8)	(8)
Income taxes paid	(845)	(1,052)
Income taxes refund	0	198
Net cash provided by (used in) operating activities	1,339	2,160
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	(250)	(338)
Purchase of intangible assets	(113)	(164)
Purchase of investment securities	(0)	(122)
Proceeds from sales of investment securities	67	-
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-	*2 (160)
Other, net	0	49
Net cash provided by (used in) investing activities	(296)	(735)
Net cash provided by (used in) financing activities		
Repayment of long-term loans payable	-	(1)
Purchase of treasury stock	-	(100)
Cash dividends paid	(921)	(767)
Net cash provided by (used in) financing activities	(921)	(868)
Net increase (decrease) in cash and cash equivalents	122	557
Cash and cash equivalents at beginning of period	6,284	6,406
Cash and cash equivalents at end of period	*1 6,406	*1 6,963

(5) Notes on Consolidated Financial Statements

(Notes About Going Concern Assumption)

None applicable

(Significant Accounting Policies in the Preparation of the Consolidated Financial Statements)

1. Matters concerning the scope of consolidation

Details of all consolidated subsidiaries

Consolidated subsidiaries: 8

Name of the consolidated subsidiaries:

Fullcast Co., Ltd.
Top Spot Co., Ltd.
Fullcast Advance Co., Ltd.
Fullcast Business Support Co., Ltd.
OtetsudaiNetworks Inc.
Work & Smile Co., Ltd.
Dimension Pockets Co., Ltd.,
Fullcast Senior Works Co., Ltd.

Work & Smile Co., Ltd. and Fullcast Senior Works Co., Ltd. were newly established in the current fiscal year, and therefore are included in the scope of consolidation. The Company acquired shares of Dimension Pockets Co., Ltd. in the current fiscal year, and therefore, it, too, is included in the scope of consolidation.

2. Matters concerning the application of the equity accounting method

(1) Affiliates accounted for by the equity method: 2

F-PLAIN Corporation
Beat Co., Ltd.

The Company acquired shares of Beat Co., Ltd. in the current fiscal year, and therefore, it is included in the scope of companies accounted for by equity method.

(2) Items requiring mention with regards to procedures for applying the equity method

Because companies accounted for under the equity method have different fiscal year ends, financial statements based upon provisional settlement of accounts as of the consolidated fisacal year ends are used in preparing consolidated financial statements.

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

Of the Company's consolidated subsidiaries, the account fisacal year end of Dimension Pockets Co., Ltd. is January 31.

Consolidated financial statements were prepared based on a provisional settlement conducted on the consolidated account fisacal year end. The final day of the business year of other consolidated subsidiaries are all match to the consolidated account settlement date.

4. Matters related to accounting policies

(1) Valuation rules and methods for significant assets

1) Securities

Other securities

With fair market value

Mark-to-market price method based on the market price at end of the consolidated fiscal year

(Valuation differences are in part included directly in nete assets and costs of securities sold are determind by the moving average method)

Without fair market value

Stated at cost, as determined by the moving average method

2) Inventories

The cost method (method to reduce book value from lower profitability) is adopted as the standard for valuation.

Products and supplies

First-in first-out method

(2) Depreciation methods of significant depreciable assets

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

Declining balance method

However, the straight-line method is used for buildings acquired on or after April 1, 1998 (excluding accomponying facilities) as well as buildings and accomponying facilities (including structures) acquired on or after April 1, 2016.

The main service life is as follows.

Buildings and structures	3 to 40 years
Machinery and transportation equipment	2 to 4 years
Tools, furnitures, and fixtures	2 to 20 years

2) Intangible assets (excluding lease assets)

Straight-line method

The straight-line method based on the usable period in-house (five years) is used for software (portion used by the Company).

3) Lease assets

Lease assets from ownership non-transfer finance lease is calculated for the lease period as the service life and based on the straight-line method with zero residue prices.

(3) Standards for major allowances

Allowance for doubtful accounts

To provide for bad debt expenses on trade receivables or loans receivable, the Company and its consolidated subsidiaries reserve an estimated bad debt allowance on ordinary receivables based on historical bad debt ratios, and on highly doubtful receivables based on the recoverability from individual customers.

(4) Accounting treatment methods for retirement benefits

1) Method of attributing projected retirement benefits to periods of service

In calculating retirement benefit obligations, the benefit formula basis is applied to attribute projected retirement benefits to periods of service until the end of the current fiscal year.

2) Amortization of actuarial gains and losses and prior service costs

Prior service costs are amortized at once as an expense in the fiscal year when it’s incurred.

Actuarial gain and losses are amortized at once as an expense in the fiscal year when it’s incurred.

3) Adoption of simplified method for small-scale corporations, other.

Certain consolidated subsidiaries adopt the simplified method which assumes the benefit obligation to be equal to the benefits payable assuming the voluntary retirement of all employees at fiscal year-end, within the calculation of retirement benefit liabilities and retirement benefit costs.

(5) Amortization method and period for goodwill

Goodwill is amortized by over the period during which the influence of the goodwill shall apply. However, if the monetary amount is small, goodwill is amortized all at once when it incurred.

(6) Scope of cash and cash equivalents in the consolidated statements of cash flows

Cash and cash equivalents in the consolidated statements of cash flows are comprised of cash in hand, demand deposits, and short-term investments with maturities of three months or less from the date of acquisition, that are liquid, readily convertible into cash and are subject to minimum risk of price fluctuation.

(7) Other important matters for the preparation of consolidated financial statements

1) Accounting treatment of consumption tax, other.

Consumption tax and local consumption tax are accounted for by the tax-exclusion method.

2) Application of the consolidated tax payment system

The consolidated tax payment system has been applied to the Company and certain consolidated subsidiaries.

(Change in Accounting Policy)

(Adoption of Accounting Standard for Business Combinations, etc.)

Accounting Standard for Business Combinations (ASBJ Accounting Standard No. 21, September 13, 2013), Accounting Standard for Consolidated Financial Statements (ASBJ Accounting Standard No. 22, September 13, 2013), and Accounting Standard for Business Divestitures (ASBJ Accounting Standard No. 7, September 13, 2013) were adopted from the current fiscal year, resulting in differences caused by changes in the Company's equity in subsidiaries it has controlled for an ongoing period of time being booked as a capital surplus and acquisition related costs being expensed as costs incurred during the fiscal year. In addition, for business combinations executed after the first day of the current fiscal year, the revised purchase price allocation due to establishment of provisional accounting treatment was changed to a method whereby it is reflected in the consolidated financial statements of the fiscal year of the business combination execution date. Furthermore, changes have been made in the presentation of net income as well as the presentation of minority interests to non-controlling interests. Consolidated financial statements for the previous fiscal year have been restated in order to reflect this change in presentation.

The adoption of the Accounting Standard for Business Combinations begins on and after the first day of the current fiscal year following the transitional provisions prescribed in Article 58-2 (4) of the Accounting Standard for Business Combinations, Article 44-5 (4) of the Accounting Standard for Consolidated Financial Statements, and Article 57-4 (4) of the Accounting Standard for Business Divestitures.

As a result, operating income, ordinary income and net income before taxes for the current fiscal year have each been decreased by 6 million yen respectively.

Cash flows related to cost for purchase of shares of subsidiaries resulting in change in scope of consolidation appear in the "cash flow from operating activities" section of the consolidated statement of cash flows for the current fiscal year.

Also, the impacts on per share data also appear in this same section.

(Adoption of Practical Solution on Accounting for Changes in Depreciation Method related to the 2016 Tax Law Change)

In conjunction with changes in the Corporation Tax Act, Practical Solution on Accounting for Changes in Depreciation Method related to the 2016 Tax Law Change (ASBJ PITF No. 32, June 17, 2016) was adopted from the the current fiscal year, resulting in a change in the depreciation method for buildings and accompanying facilities (including structures) acquired on or after April 1, 2016 from the declining balance method to the straight-line method.

The impact of this change on profit and loss for the year under review was immaterial.

(Accounting standards not applied)

・Implementation Guidance on Recoverability of Deferred Tax Assets (ASBJ Implementation Guidance No.26, March 28, 2016)

(1) Summary

With regards to the treatment of the recoverability of deferred tax assets, a necessary review was conducted on the following treatment following the mechanisms of the JICPA Auditing Standards Committee Report No. 66 "Audit Treatment for Determining the Recoverability of Deferred Tax Assets," whereby companies are categorized according to five categories and deferred tax assets are calculated based on each of these categories.

i. Treatment of companies that do not fulfill either of the requirements for classification from Category 1 to Category 5
ii. Requirements for classification as Category 2 and Category 3
iii. Treatment of temporary differences in future temporary differences that cannot be scheduled for companies which applicable to Category 2
iv. Treatment of concerning the reasonable estimable period of temporary differences in future pre-adjusted taxable income for companies which applicable to Category 3
v. Treatment in cases where a company fulfilling the requirements of Category 4 is also applicable toCategory 2 or Category 3

(2) Scheduled date of application
The application is scheduled to take place at the beginning of the fiscal year ending December 2017.

(3) Impact of the application of the accounting standard, other standards
The adoption of this accounting standard did not have any impact.

(Changes in presentation method)
(Consolidated Profit and Loss Statement Related)

In the previous fiscal year, “Penalties” and “Levies for employment of persons with disabilities” included in “Other” under “Non-operating expenses” exceeded one-tenth of the total of non-operated expenses, and as a result, they will be presented individually starting with the current fiscal year. Consolidated financial statements for the previous fiscal year have been restated in order to reflect this change in presentation.

As a result, “Other” under “Non-operating expenses” (19 million yen) in the consolidated financial statements for the previous fiscal year has been restated as “Penalties” 1 million yen, “Levies for employment of persons with disabilities” 7 million yen, and “Other” 12 million yen.

(Additional information)
(Application of consolidated tax payment system)

The Company and certain consolidated subsidiaries adopted the consolidated tax payment system from the current fiscal year.

(Notes on Consolidated Balance Sheet)
*1 The following figure reflect affiliated companies

	FY12/15 end (December 31, 2015)	FY12/16 end (December 31, 2016)
Investment securities (equities)	291 million yen	578 million yen

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

	FY12/15 end (December 31, 2015)	FY12/16 end (December 31, 2016)
Limit of overdraft account	2,600 million yen	5,500 million yen
Borrowing	1,000 million yen	1,000 million yen
Balance	1,600 million yen	4,500 million yen

*3 Assets pledged as collateral and secured liabilities

Assets pledged as collateral and secured liabilities Assets pledged as collateral are as follows:

	FY12/15 end (December 31, 2015)	FY12/16 end (December 31, 2016)
Buildings and structures	-	95 million yen
Land	-	22 million yen
Total	-	117 million yen

	FY12/15 end (December 31, 2015)	FY12/16 end (December 31, 2016)
Current portion of long-term loans payable	-	3 million yen
Long-term loans payable	-	46 million yen
Total	-	48 million yen

(Notes on Consolidated Income Statement)

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

	FY12/15 (From January 1, 2015 to December 31, 2015)	FY12/16 (From January 1, 2016 to December 31, 2016)
Tools, furniture and fixtures	0 million yen	0 million yen

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

	FY12/15 (From January 1, 2015 to December 31, 2015)	FY12/16 (From January 1, 2016 to December 31, 2016)
Tools, furniture and fixtures	0 million yen	1 million yen

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

	FY12/15 (From January 1, 2015 to December 31, 2015)	FY12/16 (From January 1, 2016 to December 31, 2016)
Buildings and structures	5 million yen	6 million yen
Tools, furniture and fixtures	1 million yen	1 million yen
Software	-	10 million yen
Other	-	0 million yen
Total	6 million yen	18 million yen

(Notes on Consolidated Statement of Comprehensive Income)

* Amount of modifications and tax effect in other comprehensive income

	FY12/15 (From January 1, 2015 to December 31, 2015)	FY12/16 (From January 1, 2016 to December 31, 2016)
Valuation difference on available-for-sale securities:		
Amount incurred during the current fiscal year	9 million yen	6 million yen
Reclassification adjustment	-	-
Before tax effect adjustment	9 million yen	6 million yen
Tax effect	-2 million yen	-1 million yen
Valuation difference on available-for-sale securities	6 million yen	4 million yen
Share of other comprehensive income of associates accounted for using equity method:		
Amount incurred in the current fiscal year	5 million yen	6 million yen

Amount of modification	-	-
Share of other comprehensive income of associates accounted for using equity method	5 million yen	6 million yen
Total other comprehensive income	11 million yen	10 million yen

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

Fiscal year ended December 2015 (January 1, 2015 to December 31, 2015)

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

	Number of shares at the beginning of the current fiscal year	Increase in the number of shares during the fiscal year	Decrease in the number of shares during the fiscal year	Number of shares at the end of the fiscal year
Shares issued Common stock (shares)	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

Fiscal year ended December 2016 (January 1, 2016 to December 31, 2016)

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

	Number of shares at the beginning of the current fiscal year	Increase in the number of shares during the fiscal year	Decrease in the number of shares during the fiscal year	Number of shares at the end of the fiscal year
Shares issued Common stock (shares)	38,486,400	-	-	38,486,400
Total	38,486,400	-	-	38,486,400
Treasury stock Common stock (shares)	-	148,500	-	148,500
Total	-	148,500	-	148,500

(Summary of reason for change)

Acquisition of treasury stock resolution of the Board of Directors on February 12, 2016 148,500 shares

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. 12, 2016 Board of directors meeting	Common shares	385	10.00	December 31, 2015	March 11, 2016
Aug. 5, 2016 Board of directors meeting	Common shares	383	10.00	June 30, 2016	September 5, 2016

(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 source	Total amount of dividend (million yen)	Dividend per share (yen)	Record date	Effective date
Feb. 10, 2017 Board of directors meeting	Common shares	Retained earnings	422	11.00	December 31, 2016	March 10, 2017

(Notes on Consolidated Cash Flows Statement)

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

	FY12/15 (From January 1 to December 31, 2015)	FY12/16 (From January 1 to December 31, 2016)
Cash and deposits	6,406 million yen	6,963 million yen
Cash and cash equivalents	6,406 million yen	6,963 million yen

*2.Main breakdown of assets and liabilities of companies that newly became consolidated subsidiaries through the acquisition of their shares

The following presents the breakdown of assets and liabilities from the start of consolidation of newly acquired Dimension Pockets Co., Ltd. as well as the acquisition cost of shares of Dimension Pockets Co., Ltd. and the relationship with expenditures (net increase) for the acquisition of Dimension Pockets Co., Ltd.

Current assets	60 million yen
Non-current assets	263 million yen
Goodwill	14 million yen
Current liabilities	(19) million yen
Non-current liabilities	(82) million yen
Non-controlling interests	(73) million yen
Acquisition cost for shares	163 million yen
Cash and cash equivalents, etc.	(2) million yen
Allowance: expenditure for acquisition	160 million yen

(Business combination and Others)

Business combination through acquisition

(1) Summary of the business combination

1) Name of acquired company and its business lines

Name of acquired company	Dimension Pockets Co., Ltd.
Business lines	Development, management, construction and sales of hotels, boarding houses and lodges

2) Main reasons for undertaking the business combination

The Group acquired the shares in order to generate business synergies, further expand its businesses, and enhance corporate value by deploying the Group's strengths in existing human resoureces services in a business sector where personnel shortages are striking, and to realize the diversification of business operations, including entering a new fields where growth is anticipated.

3) Date of business combination

August 10, 2016

4) Legal form of business combination

Share acquisition in exchange for cash.

5) Name of company after combination

The name of the company will remain the same.

6) Percentage of voting rights acquired

Percentage of voting rights held prior to business combination	—%
Percentage of additional voting rights acquired on the date of business combination	67%
Percentage of voting rights held after acquisition	67%

7) Main grounds for determining acquiring company

It is as a result of the Company acquiring 67% of the voting rights through the share acquisition in exchange for cash.

(2) Period of the business performance of the acquired company included in consolidated financial statements

August 1, 2016 to October 31, 2016

(3) Cost of the acquisition and considatation of the acquired company and the breakdown thereof

Cash and deposits used for the acquisition	163 million yen
Cost of the acquisition	163 million yen

(4) Details and amount of major expenses related to the acquisition

Advisory fees, other.	6 million yen

(5) Amount , reason, method and period of amortization of Goodwill arising from the business combination

1) Amount of goodwill arising from the business combination

14 million yen

2) Reason for the goodwill

The assets acquired for the cost of the acquisition exceed the net amount allocated in liabilities assumed, and therefore the amount in excess was accounted for as goodwill.

3) Method and period of amortization

The goodwill was amortized in a lump sum because the amount was immaterial

(6) Breakdown of the amount of assets received and liabilities assumed on the date of business combination

Current assets	60 million yen
Non-current assets	263 million yen
Total assets	323 million yen
Current liabilities	19 million yen
Non-current liabilities	82 million yen
Total liabilities	101 million yen

(7) Approximate amount and calculation method of impact on business combination on consolidated statements of income for the current fiscal year assuming acquisition was completed on the first day of the current consolidated fiscal year

The amount was immaterial and so it has been omitted.

Additionally, this note has not received audit certification.

(Segment Information and Others)

(Segment information)

Previous 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 can be obtained independently from the Company's various structural units, and they are subject to regular examination by the board of directors to form decisions about allocations of management resources and to evaluate their performance.

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

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

The accounting methods for each segment reported are almost the same as described in the "Significant Accounting Policies in the Preparation of the Consolidated Financial Statements." The income of each reporting segment is an amount based on its operating income. Inter-segment profits and transfers are based on market prices.

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

(Million yen)

	Reporting segment		Total	Adjustment amount	Consolidated
	Short-term operational support business	Security, other 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 or loss (-)	2,818	77	2,895	(598)	2,297
Segment assets	5,491	682	6,173	5,449	11,622
Other					
Depreciation	38	1	39	186	224
Increase of property, plant and equipment and intangible assets	36	0	36	327	363

Notes 1: 2 million yen in intersegment eliminations and (601) million yen in company-wide expenses not allocated to any reporting segment are included in the (598) million yen segment income adjustment amount. Company-wide expenses are mainly general administrative expenses that do not belong to any reporting segment.

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

3: The amount of 5,449 million yen in adjustment of segment-based assets primarily consists of long-term investment assets (investment securities), assets involved in the administrative departments and other items incurred by the head office of the parent company.

4: The amount of 186 million yen for adjusting the depreciation expenses primarily consists of depreciation for the buildings, structures and software of the head office of the Company.

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

Current consolidated fiscal year (From January 1, 2016 to December 31, 2016)

1. Overview of Reporting Segments

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

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

Shares of Dimension Pockets Co., Ltd. were acquired in the current fiscal year, resulting in the company being newly included in the scope of consolidation. As a result, the name of the existing security business segment was changed to "the security, other businesses" segment.

Information on segments reported for the current year reflects the name change above.

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

The accounting methods for each segment reported are similar to those described in the "Significant Accounting Policies in the Preparation of the Consolidated Financial Statements." The income of each reporting segment is an amount based upon its operating income. Inter-segment profits and transfers are based on market prices.

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

(Million yen)

	Reporting segment		Total	Adjustment amount	Consolidated
	Short-term operational support business	Security, other businesses			
Net sales					
Sales to external customers	23,225	2,116	25,340	-	25,340
Inter-segment sales or transfers	0	0	0	(0)	-
Total	23,225	2,116	25,341	(0)	25,340
Segment income or loss (-)	3,478	108	3,586	(704)	2,882
Segment assets	6,091	1,360	7,451	5,820	13,272
Other					
Depreciation and amortization	40	5	45	227	272
Goodwill amortization	-	14	14	-	14
Increase of property, plant and equipment and intangible assets	67	265	332	170	502

Notes 1: (1) million yen in intersegment eliminations and (703) million yen in company-wide expenses not allocated to any reporting segment are included in the (704) million yen segment income adjustment amount. Company-wide expenses are mainly general administrative expenses that do not belong to any reporting segment.

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

3: The amount of 5,820 million yen in adjustment of segment-based assets primarily consists of long-term investment assets (investment securities), assets involved in the administrative departments and other items incurred by the head office of the parent company.

4: The amount of 227 million yen for adjusting the depreciation expenses primarily consists of depreciation for the buildings, structures and software of the head office of the Company.

5: The amount of 170 million yen in adjustment for increased amount of the property, plant and equipment and intangible assets is primarily comprised of those for buildings and structures of the head office of the company and tools, furniture and fixtures, and software for a new system.

(Related Information)

Consolidated accounting period for the previous fiscal year (From January 1, 2015 to December 31, 2015)

1. Information about each product or service

Information in this section is omitted because it is similar to information disclosed in the segment information section.

2. Information for geographical regions

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

3. Information about major customers

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

Consolidated accounting period for the current fiscal year (From January 1, 2016 to December 31, 2016)

1. Information about each product or service

Information in this section is omitted because it is similar to information disclosed in the segment information section.

2. Information for geographical regions

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

3. Information about major customers

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

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

Previous consolidated fiscal year (January 1, 2015 – December 31, 2015)

There are no relevant matters.

Current consolidated fiscal year (January 1, 2016 – December 31, 2016)

There are no relevant matters.

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

Previous consolidated fiscal year (January 1, 2015 – December 31, 2015)

There are no relevant matters.

Current consolidated fiscal year (January 1, 2016 – December 31, 2016)

(Million yen)

	Reporting segment			Company-wide/amortization	Total
	Short-term operational support business	Security, other businesses	Total		
Amount of amortization for current fiscal year	-	14	14	-	14
Balance at end of current fiscal year	-	-	-	-	-

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

Previous consolidated fiscal year (January 1, 2015 – December 31, 2015)

There are no relevant matters.

Current consolidated fiscal year (January 1, 2016 – December 31, 2016)

There are no relevant matters.

(Per share information)

FY12/15 (From January 1 to December 31, 2015)		FY12/16 (From January 1 to December 31, 2016)	
Shareholders' equity per share	195.65 yen	Shareholders' equity per share	239.98 yen
Net income per share	45.85 yen	Net income per share	65.92 yen

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

2. As presented in "Changes in accounting policy," the Company has adopted the Accounting Standard for Business Combinations. As a result, net profit per share for the current fiscal year declined 0.15 yen.

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

Item	FY12/15 (From January 1, 2015 to December 31, 2015)	FY12/16 (From January 1, 2016 to December 31, 2016)
Net income attributable to Fullcast Holdings Co., Ltd. (million yen)	1,765	2,529
Net income attributable to Fullcast Holdings Co., Ltd. [basic] (million yen)	1,765	2,529
Net income not available to common stock (million yen)	-	-
Average number of common stock outstanding during the period (shares)	38,486,400	38,361,505

(Subsequent events)

(Acquisition of treasury stock)

The Company passed a resolution at the Board of Directors' meeting held on February 10, 2017 on the acquisition of treasury stock as follows 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 provide greater returns to shareholders as well as to implement an agile capital policy to enhance capital efficiency.

2. Type of stock: Ordinary shares
3. Number of shares to acquire: 574,200 (cap)
4. Total value of repurchases: 498 million yen (cap)
5. Period: February 13, 2017 to March 23, 2017
6. Acquisition method: To be purchased on the open market of the Tokyo Stock Exchange

(Consolidation of equity method affiliate by share acquisition)

The Company passed a resolution at a meeting of the Board of Directors held on January 26, 2017 to acquire shares of F-PLAIN Corporation and make it a consolidated subsidiary. F-PLAIN Corporation was made into a consolidated subsidiary after the Company acquired its shares on January 26, 2017.

(1) Summary of the business combination

1) Name of acquired company and its business lines

Name of acquired company	F-PLAIN Corporation
Business lines	Call center business, etc.

2) Main reasons for undertaking the business combination

The Company acquired the shares because there is a high degree of affinity with the Fullcast Group's core human resources services and BPO related services within the short-term operational support business, and with the aim to reinforce future growth strategy under a strong capital relationship, achieve the smooth mutual utilization of each other's management resources, further stabilize the management foundation, and aim for expanded profits in the future, by making it a consolidated subsidiary of the Group.

3) Date of business combination

January 26, 2017

4) Legal form of business combination

Share acquisition in exchange for cash.

5) Name of company post combination

The name of the company will remain the same.

6) Percentage of voting rights acquired

Percentage of voting rights held prior to business combination	23.8%
Percentage of additional voting rights acquired on the date of business combination	54.4%
Percentage of voting rights held after acquisition	78.2%

7) Main back grounds for determining acquiring company

It is as a result of the Company acquiring 78.2% of the voting rights through the share acquisition in exchange for cash.

(2) Cost of the acquisition and considataiton of the acquired company and the breakdown thereof

Cash and deposits used for the acquisition	1,198 million yen
Cost of the acquisition	1,198 million yen

(3) Details and amount of major expenses related to the acquisition

The details have yet to be determined.

(4) Amount, reason, method and period of amortization of Goodwill arising from the business combination

The details have yet to be determined.

(5) Breakdown of the amount of assets received and liabilities accepted on the date of business combination

The details have yet to be determined.

(Granting of Stock Compensation-type Stock Options (Stock Acquisition Rights))

A resolution was passed at the meeting of the Board of Directors held on February 10, 2017 to discuss at the general meeting of shareholders for the 24th term scheduled to take place on March 24, 2017 the issuance of stock acquisition rights as part of the share compensation-type stock options for the Company's Directors (excluding Directors that are Audit & Supervisory Board Members) in order to further enhance the compensation of Directors and the linkage between the Company's performance and shareholder interests.

1. Summary of the Share Compensation-type Stock Option System

The Company will allocate to its Directors (excluding Directors that are Audit & Supervisory Committee Members) stock options with an exercise price of 1 yen per share. These stock compensation-type stock options will be discussed at the general meeting of shareholders for the 24th term scheduled to take place on March 24, 2017.

The details of the stock acquisition rights as stock compensation-type stock options are as follows.

(1) Type and Number of Shares available under Stock Acquisition Rights

The maximum number of shares available under stock acquisition rights issued on a date within 1 year of the date of the general meeting of shareholders related to each business year shall be 96,000 of the Company's ordinary shares (common stock). However, in cases where adjustments to the number of shares granted are made as prescribed below, the number shall be adjusted by multiplying the number of shares granted after adjustment by the total number of stock acquisition rights.

The type of shares for the stock acquisition rights shall be ordinary shares (common stock) and the number of shares per one stock acquisition right (hereinafter, "number of shares granted") shall be 100 shares. The number of shares granted shall be adjusted according to the following formula when the Company executes a share split (including the gratis allotment of the Company's common stock; hereinafter the same shall apply) or share consolidation on a date after the resolution for this proposal.

However, such adjustments shall be made for the number of granted shares not exercised at that time, and fractional quantities of less than one share resulting from the adjustment shall be rounded down.

Number of shares granted after adjustment = Number of shares granted before adjustment x Ratio of stock split or stock consolidation

In addition to the above, when an adjustment of the number of shares granted is required, the number of granted shares shall be adjusted within a reasonable scope.

(2) Total Number of Stock Acquisition Rights

The maximum number of stock acquisition rights that will be issued within 1 year from the date of the general meeting of shareholders for each business year shall be 960.

(3) Payment Amount of Stock Acquisition Rights

The payment amount of each stock acquisition right shall be the amount prescribed by the Company's Board of Directors using the fair value of the stock acquisition rights calculated when allotting the stock acquisition rights.

(4) Amount of Assets Required for Exercise of Stock Acquisition Rights

The amount of assets required for exercise of each stock acquisition right shall be the amount realized by multiplying the number of shares granted by the payment amount of 1 yen per share that can be exchanged for shares with the exercise of the stock acquisition rights.

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(5) Period for Exercise of Stock Acquisition Rights

The period for exercising stock acquisition rights shall be prescribed by the Company's Board of Directors, which will determine subscription matters for the stock acquisition rights, and shall be within 30 years from the date 4 years from the day after the allotment date of the stock acquisition rights.

(6) Conditions for the Exercise of Stock Acquisition Rights

i. In principle, persons who receive an allotment of stock acquisition rights must be a Director of the Company at the time of exercising these rights.
ii. Of those stock acquisition rights allocated, only the number of exercisable stock acquisition rights determined based on the level of achievement of the operating income target for the final fiscal year of the medium-term management plan can be exercised.
iii. Other conditions for the exercise of stock acquisition rights shall be prescribed by the Company's Board of Directors, which will determine subscription matters for the stock acquisition rights.

(7) Matters relating to increments of capital reserve and additional paid-in capital that would increase stock issuance by the exercise of stock acquisition rights

i. The amount of additional paid-in capital resulting from the issuance of shares due to the exercise of stock acquisition rights shall be half of the maximum of an increase in paid-in capital calculated in accordance with "Article 17(1) of Corporate Accounting Rules", and any fractions of less than 1 yen resulting from such calculation shall be rounded up.
ii. The amount of additional capital reserve resulting from the issuance of shares due to the exercise of stock acquisition rights shall be the amount resulting from the amount of the increase in paid-in capital prescribed in i. above subtracted from the maximum of an increase in paid-in capital described in i. above.

(8) Restrictions on the Acquisition of Stock Acquisition Rights by Assignment

The acquisition of stock acquisition rights by assignment requires approval of the Company's Board of Directors.

(9) Other Details Pertaining to the Stock Acquisition Rights

Details of the matters describesd in (1) through (7) above and other matters shall be prescribesd by the Company's Board of Directors, which will determine subscription matters for the stock acquisition rights.

(Granting of Stock Options (Stock Acquisition Rights))

A resolution passed at the meeting of the Board of Directors held on February 10, 2017 to discuss at the general meeting of shareholders for the 24th term scheduled to take place on March 24, 2017 the proposal requiring approval for the delegation to the Company's Board of Directions of approval of subscription matters and the gratis issuance of stock acquisition rights as stock options pursuant to "Article 236, Article 238, and Article 239 of the Companies Act".

1. Reason for Issuance of Stock Acquisition Rights on Especially Favorable Terms

Stock acquisition rights will be issued on particularly favorable conditions in order to bolster employees' motivation and morale toward better performance and further implement management that aims to enhance corporate value. Stock acquisition rights will be issued to the employees of the Company's wholly-owned subsidiaries according to the outline below.

2. Outline of Issuance of Stock Acquisition Rights

(1) Persons Receiving Allotment of Stock Acquisition Rights

Employees of the Company's wholly-owned subsidiaries

(2) Type and Number of Shares available under Stock Acquisition Rights

The maximum number of shares available shall be 19,200 shares of the Company’s ordinary shares (common stock). However, in cases where adjustments to the number of shares granted are made as prescribed below, the number shall be adjusted by multiplying the number of shares granted after adjustment by the total number of stock acquisition rights.

The type of shares for the stock acquisition rights shall be ordinary shares (common stock) and the number of shares per one stock acquisition right (hereinafter, number of shares granted) shall be 100 shares. The number of shares granted shall be adjusted according to the following formula when the Company executes a share split (including the gratis allotment of the Company’s common stock; hereinafter the same shall apply) or share consolidation after the allotment date of the stock acquisition rights (hereinafter, “allotment date”). However, such adjustments shall be made for the number of granted shares not exercised at that time, and quantities of less than one share resulting from the adjustment shall be rounded down.

Number of shares granted after adjustment = Number of shares granted before adjustment x Ratio of stock split or stock consolidation

The number of shares granted after adjustment shall apply on and after the day after the Record Date of share splits when the Company executes a share split and on and after the effective when the Company executes share consolidations. However, when a share split is executed under the condition that the proposal to increase paid-in capital or reserves due to a decline in surplus is approved at the general meeting of shareholders of the Company, and when a date prior to the end of this meeting of shareholders is set as the Record Date for the share split, the number of shares granted after adjustment shall apply retroactively to the day after the Record Date, which is on the day after the end of this meeting of shareholders.

In addition to the above, when an adjustment of the number of shares granted is required, the number of granted shares shall be adjusted within a reasonable scope.

(3) Total Number of Stock Acquisition Rights

The maximum number of stock acquisition rights shall be 192.

(4) Amount Paid in Exchange for Stock Acquisition Rights

The payment of cash is not required for stock acquisition rights for which subscription matters can be determined based on delegation of the general meeting of shareholders of the Company.

(5) Amount of Assets Required for Exercise of Stock Acquisition Rights

The amount of assets required for exercise of each stock acquisition right shall be the amount realized by multiplying the number of shares granted by the payment amount of 1 yen per share that can be exchanged for shares with the exercise of the stock acquisition rights.

(6) Period for Exercise of Stock Acquisition Rights

The period for exercising stock acquisition rights shall be 30 years from the date 4 years from the day after the allotment date.

(7) Conditions for the Exercise of Stock Acquisition Rights

i. In principle, persons who receive an allotment of stock acquisition rights (hereinafter, “stock acquisition rights holders”) must be an employee of the Company’s wholly-owned subsidiaries at the time of exercising these rights.

ii. Of those stock acquisition rights allocated, only the number of exercisable stock acquisition rights determined based on the level of achievement of the operating income target for the final fiscal year of the medium-term management plan can be exercised.

(8) Matters Relating to Increments of Capital Reserve and Additional Paid-in Capital that would Increase Stock Issuance by the Exercise of Stock Acquisition Rights

i. The amount of additional paid-in capital resulting from the issuance of shares due to the exercise of stock acquisition rights shall be half of the maximum of an increase in paid-in capital calculated in accordance with "Article 17(1) of Corporate Accounting Rules", and any fractions of less than 1 yen resulting from such calculation shall be rounded up.

ii. The amount of additional capital reserve resulting from the issuance of shares due to the exercise of stock acquisition rights shall be the amount resulting from the amount of the increase in paid-in capital prescribed in i. above subtracted from the maximum of an increase in paid-in capital described in i. above.

(9) Restrictions on the Acquisition of Stock Acquisition Rights by Assignment

The acquisition of stock acquisition rights by assignment requires approval of the Company's Board of Directors.

6. Financial Statements

(1) Balance Sheet

(Million yen)

	FY12/15 end (December 31, 2015)	FY12/16 end (December 31, 2016)
ASSETS		
Current assets		
Cash and deposits	3,846	3,971
Supplies	10	6
Prepaid expenses	75	80
Short-term loans receivable from subsidiaries and affiliates	63	819
Accounts receivable-other	679	1,160
Deferred tax assets	382	246
Other	219	242
Allowance for doubtful accounts	(42)	-
Total current assets	5,233	6,523
Noncurrent assets		
Property, plant and equipment		
Buildings	41	34
Tools, furniture and fixtures	229	162
Construction in progress	10	-
Total property, plant and equipment	280	196
Intangible assets		
Software	312	297
Other	0	0
Total intangible assets	312	297
Investments and other assets		
Investment securities	30	157
Stocks of subsidiaries and affiliates	642	1,056
Investments in capital	0	0
Guarantee deposits	63	63
Insurance funds	2	3
Long-term prepaid expenses	26	21
Deferred tax assets	-	158
Total investments and other assets	764	1,337
Total noncurrent assets	1,356	1,830
Total assets	6,589	8,353

(Million yen)

	FY12/15 end (December 31, 2015)	FY12/16 end (December 31, 2016)
LIABILITIES		
Current liabilities		
Short-term loans payable	1,000	1,000
Accounts payable-other	147	133
Accrued expenses	242	252
Income taxes payable	14	24
Accrued consumption taxes	27	59
Deposits received	45	48
Unearned revenue	1	2
Other	-	0
Total current liabilities	1,476	1,517
Noncurrent liabilities		
Long-term guarantee deposited	7	7
Deferred tax liabilities	3	-
Provision for retirement benefits	325	349
Asset retirement obligations	20	20
Total noncurrent liabilities	356	377
Total liabilities	1,832	1,894
Net assets		
Shareholders' equity		
Capital stock	2,780	2,780
Retained earnings		
Legal retained earnings	146	223
Other retained earnings		
Retained earnings brought forward	1,822	3,544
Total retained earnings	1,968	3,767
Treasury stock	-	(100)
Total shareholders' equity	4,748	6,447
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	8	12
Total valuation and translation adjustments	8	12
Total net assets	4,757	6,460
Total liabilities and net assets	6,589	8,353

(2) Profit and Loss Statement

(Million yen)

	FY12/15 (From January 1, 2015 to December 31, 2015)	FY12/16 (From January 1, 2016 to December 31, 2016)
Operating revenue		
Consulting fee income	1,158	1,297
Commissions from subsidiaries and affiliates	1,289	1,322
Dividends from subsidiaries and affiliates	1,040	1,645
Total operating revenue	3,486	4,264
Operating expenses	1,887	1,983
Operating income	1,599	2,281
Non-operating income		
Interest income	5	11
Dividends income	1	1
Real estate rent	15	16
Rent income on facilities	5	2
Reversal of provision for sales returns	-	42
Other	1	2
Total non-operating income	26	74
Non-operating expenses		
Interest expenses	8	7
Depreciation	3	3
Rent cost of real estate	15	16
Contributions for the employment of persons with disabilities	5	7
Other	3	1
Total non-operating expenses	32	34
Ordinary income	1,593	2,320
Extraordinary income		
Gain on sales of noncurrent assets	0	0
Gain on sales of investment securities	48	-
Total extraordinary income	48	0
Extraordinary loss		
Loss on sales of fixed assets	-	1
Loss on retirement of noncurrent assets	0	9
Total extraordinary losses	0	11
Income before income taxes	1,640	2,310
Income taxes-current	51	(231)
Income taxes-deferred	(242)	(26)
Total income taxes	(190)	(257)
Net income	1,831	2,567

(3) Statements of Shareholders' Equity

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

(Million yen)

	Shareholders' equity					Valuation and translation adjustments		
		Retained earnings						
			Other retained earnings					
	Capital	Legal retained earnings	Retained earnings carried forward	Total retained earnings	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	Total net assets
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

Accounting period for the current fiscal year (From January 1, 2016 to December 31, 2016)

(Million yen)

	Shareholders' equity						Valuation and translation adjustments		
		Retained earnings							
			Other retained earnings						
	Capital	Legal retained earnings	Retained earnings carried forward	Total retained earnings	Treasury stock	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	Total net assets
Balance at the beginning of current period	2,780	146	1,822	1,968	-	4,748	8	8	4,757
Changes of items during the period									
Dividends paid from retained earnings			(768)	(768)		(768)			(768)
Provision of retained earnings		77	(77)	-		-			-
Net income			2,567	2,567		2,567			2,567
Acquisition of treasury stock					(100)	(100)			(100)
Net changes of items other than shareholders' equity							4	4	4
Total changes of items during the period	-	77	1,722	1,799	(100)	1,699	4	4	1,703
Balance at the end of current period	2,780	223	3,544	3,767	(100)	6,447	12	12	6,460