

## Review of Financial Results for the First Quarter of the Fiscal Year Ending September 30, 2003

Company Name: Fullcast Co., Ltd. Registered issue  
 Code Number: 4848 (JASDAQ)  
 (URL <http://www.fullcast.co.jp>)  
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### 1. Matters Pertaining to Preparation of the First Quarter Consolidated Profit and Loss Statement

- (1) Standards applied in preparing the financial statements: (In the main, the financial statements have been prepared according to the standards applied in preparing the interim consolidated financial statements.)
- Change in accounting method: None
  - Accounting methods that differ from the interim settlement of accounts: None
- (2) Change in the scope of application of consolidation or the equity method: Yes (Details: Exclusion of one company from consolidation)
- (3) Participation of a certified public accountant or audit corporation: None

### 2. Results of Operations for the First Quarter of the Fiscal Year Ending September 30, 2003 (October 1, 2002 to December 31, 2002)

#### (1) Consolidated Business Results

(Rounded down to ¥1 million)

	Net sales		Operating income		Current income		Net income (quarterly)	
	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)
First quarter, fiscal year ending Sept. 30, 2003	9,066	47.7	637	52.0	672	54.4	331	96.2
First quarter, fiscal year ended Sept. 30, 2002	6,140	- 0.2	419	- 49.7	435	- 43.9	169	- 62.0
(Reference) Fiscal year ended Sept. 30, 2002	26,319		1,511		1,484		346	

	Net income per share	Net income per share (diluted)
	(¥)	(¥)
First quarter, fiscal year ending Sept. 30, 2003	7,637.99	
First quarter, fiscal year ended Sept. 30, 2002	3,791.32	3,777.43
(Reference) Fiscal year ended Sept. 30, 2002	7,902.31	7,813.83

- Notes: 1. No disclosure of net income per share on a fully diluted basis is shown because there were no potentially diluted shares outstanding for the period.
2. The percentage figures accompanying net sales, operating income, current income and net income represent year-on-year change.

## **Qualitative Information Concerning Progress of Consolidated Financial Results**

### **1. The Fullcast Group's Progress during the First Quarter (Consolidated)**

The Japanese economy showed signs of an upturn in some areas during the first quarter, for instance a gradual improvement in corporate earnings and a bottoming-out of capital expenditure. Nevertheless, increasing apprehension about the outlook for the world economy has caused a leveling off in the Index of Industrial Production, and the closing stage of the quarter brought a slowing of the trend toward an economic upturn and increased uncertainty about the future. With measures to hold down employment costs and staff cutbacks continuing and unemployment at record-high levels, employment and personal income conditions remained harsh.

#### **(1) Progress by Business Segment**

##### **Spot Business**

The trend in industrial circles not to stop at cutting costs, but to actively pursue outsourcing to promote efficient management continues. In response, the Fullcast Group, whose core business is short-term contractual worker placement, continued to strengthen its selling power; we opened new offices and reviewed the sales structure to rapidly and accurately ascertain customer needs and at the same time enhanced the quality of the work we provide. We also strove to improve profit margins by engaging in flexible pricing that corresponds to market circumstances.

Selling, general and administrative expenses, primarily employment-related costs, increased as costs associated with the 11 offices opened during the fourth quarter of the prior year and the cost of opening four additional offices were incurred. The number of Fullcast Co., Ltd. and Fullcast Office Support Co., Ltd. offices nationwide reached 64 at the end of the first quarter.

As a result of these developments, net sales for this segment reached ¥5,626 million (a 36.3% increase compared to the same period of the previous year) and operating income reached ¥708 million (an increase of 37.1%).

Note: On October 1, 2002, as a result of a corporate separation Fullcast Co., Ltd. succeeded the physical distribution, warehousing operation, cleaning, and event short-term contractual worker placement business of Fullcast Lady Co., Ltd. Also on October 1, 2002, Fullcast Lady changed its name to Fullcast Office Support Co., Ltd.

##### **Factory Business**

During the first quarter, the Group was able to continue to increase sales by taking advantage of the opening of new offices and the expertise nurtured in the Spot Business to provide a rapid, fine-tuned response to customer needs. Fullcast Central Co., Ltd., a company that provides contractual workers for factory lines for clients in the automotive industry, smoothly proceeded with personnel recruitment and training and contributed substantially to the growth of this business. At the end of the first quarter, the Group operated a total of 28 offices serving clients in this sector: 17 Fullcast Factory locations and 11 Fullcast Central locations. As a result, sales

reached ¥2,458 million (a increase of 132.0% compared to the same period of the previous year) and operating income was ¥99 million (an increase of 1,182.4%).

### **Technology Business**

Business conditions improved for the contractual engineering and technical personnel service owing to a recovery in orders received in the semiconductor industry. Operating results improved year on year as the Group maintained unit prices for orders received while achieving average capacity utilization of 96.1%. However, technical support services such as contractual development and assessment and analysis made a poor showing. Accordingly, in this segment the Group posted sales of ¥887 million (an increase of 8.3% compared to the same period of the previous year), but an operating loss of ¥30 million (compared with an operating profit the year before).

Note: On October 1, 2002, Fullcast System Consulting Co., Ltd., a company whose main business was contractual development of software, merged with Fullcast With Co., Ltd. On the same day, the company name was changed to Fullcast Technology Co., Ltd. The results for this company are booked under Other Businesses in segmentation for the prior fiscal year.

### **Other Businesses**

In the Other Businesses segment, Fullcast Sports Co., Ltd. derived revenues from the sports agency business in connection with the management of soccer players. The Group entered into an alliance with restaurant chain TASCOSYSTEM Corporation and has opened two franchised restaurants. Since December 25, 2002, Fullcast has engaged on a trial basis in a Franchise Casting Business, whereby we conduct staff instruction and training at the restaurants and in training rooms set up inside the restaurants to provide staff to franchisees. Sales in this segment were ¥95 million (a decrease of 29.2% compared to the same period of the previous year) and an operating loss of ¥26 million was posted (compared to an operating profit the year before).

## (2) Change in Consolidated Financial Position

	Total assets (¥ million)	Shareholders' equity (¥ million)	Shareholders' equity ratio (%)	Shareholders' equity per share (¥)
First quarter, fiscal year ending Sept. 30, 2003	14,766	7,707	52.2	177,402.01
First quarter, fiscal year ended Sept. 30, 2002	13,837	7,817	56.5	175,232.88
(Reference) Fiscal year ended Sept. 30, 2001	13,928	7,443	53.4	171,327.33

## Consolidated Cash Flows

	Cash flow from operating activities (¥ million)	Cash flow from investing activities (¥ million)	Cash flow from financing activities (¥ million)	Cash and cash equivalents at the period-end (¥ million)
First quarter, fiscal year ending Sept. 30, 2003	- 478	- 196	584	3,650
First quarter, fiscal year ended Sept. 30, 2002	- 335	- 613	22	4,014
(Reference) Fiscal year ended Sept. 30, 2001	- 27	- 318	- 853	3,741

## Qualitative Information Concerning the Change in Consolidated Financial Position

Cash and cash equivalents (hereinafter “cash”) for the first quarter decreased by ¥91 million compared to the prior fiscal year-end to ¥3,650 million at the end of the quarter on a consolidated basis.

### Cash Flow from Operating Activities

During the first quarter, cash used in operating activities increased by ¥143 million (42.7%) from the same period the year before to ¥478 million. This is primarily attributable to an increase of ¥351 million in trade receivables and an increase in payments for income tax of ¥234 million, which offset an increase of ¥308 million in net income.

### Cash Flow from Investing Activities

During the first quarter, cash used in investing activities decreased by ¥416 million (68.0%) from the same period the year before to ¥196 million. This is primarily attributable to a decrease of ¥497 million in outlays for loans, which offset an increase of ¥99 million in outlays for the acquisition of market securities for cash management purposes.

### Cash Flow from Financing Activities

During the first quarter, cash provided by financing activities increased by ¥561 million (2,475.3%) from the same period the year before to ¥584 million. This is primarily attributable to a net increase of ¥589 million in short-term borrowings.

**[Reference Item 1] Non-Consolidated Quarterly Operating Results (October 1, 2002 to December 31, 2002)**

	Net sales		Operating income		Current income		Net income (quarterly)	
	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)
First quarter, fiscal year ending Sept. 30, 2003	5,632	53.1	546	63.6	594	65.4	279	83.3

  

	Total assets	Shareholders' equity
	(¥ million)	(¥ million)
First quarter, fiscal year ending Sept. 30, 2003	12,717	7,570

Note: The percentage figures accompanying net sales, operating income, current income and net income represent year-on-year change.

**3. Outlook for Consolidated Results of Operations for the Fiscal Year Ending September 30, 2003 (October 1, 2002 to September 30, 2003)**

	Net sales	Current income	Net income
	(¥ million)	(¥ million)	(¥ million)
Interim	15,000	1,000	500
Full year	32,000	2,250	1,100

For reference: Projected net income per share (full year) is ¥25,318.78.

Cautionary notice: The projected figures shown above are estimates based upon information that was available to the Company at the time it prepared its projects. Actual operating results may differ from the projected figures depending upon a number of factors.

**Qualitative Information Concerning the Outlook for Consolidated Results of Operations**

**1. Interim Forecast**

Although the results for the first quarter exceeded initial projections, concerns about a global economic slowdown remain and the influence on the industry is uncertain. For this reason, the Company has left the interim forecast unchanged.

**2. Full-Year Forecast**

For the same reasons as cited for the interim forecast, the Company has left the full-year forecast unchanged.

**[Reference Item 2] Outlook for Non-Consolidated Results of Operations for the Fiscal Year Ending September 30, 2003 (October 1, 2002 to September 30, 2003)**

	Net sales	Current income	Net income	Annual dividend per share		
				Interim	Year-end	
	(¥ million)	(¥ million)	(¥ million)	(¥)	(¥)	(¥)
Interim	10,000	800	400	1,000.00		
Full year	20,000	1,600	800		1,500.00	2,500.00

For reference: Projected net income per share (full year) is ¥18,413.66.

Cautionary notice: The projected figures shown above are estimates based upon information that was available to the Company at the time it prepared its projections. Actual operating results may differ from the projected figures depending upon a number of factors.