

August 3, 2007

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(Stock code: 4848; Stock Exchange listing: First Section of the Tokyo Stock Exchange)  
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For Immediate Release:

## Announcement of Administrative Sanction (Business Suspension Order)

On August 3, 2007, in response to a violation of the Law for Securing the Proper Operation of Worker Dispatching Undertakings and Improved Working Conditions for Dispatching Workers (hereinafter referred to as the "Worker Dispatching Law"), Fullcast Co., Ltd. received an order from the Tokyo Labor Bureau to suspend its worker dispatching business and an order to improve its worker dispatching operations, under Section 2 of Article 14 and Section 1 of Article 49 of the Worker Dispatching Law.

We sincerely apologize for the serious inconvenience that we will cause our customers, registered staff members, and other stakeholders.

We have accepted this sanction with the utmost seriousness and the Company is united in its commitment to resolve all issues to ensure that there is no further violation. The details of this administrative sanction and the actions we will take are as follows:

### Description

#### 1. Details of Sanction

Worker dispatching business suspension order based on Section 2 of Article 14 and Section 1 of Article 49 of the Worker Dispatching Law

- For all offices, a suspension of the worker dispatching business for one month
  - For three offices in Kobe (Sannomiya Branch Office, Sannomiya Kitaguchi Branch Office, and Motomachi Branch Office), which dispatched workers to a harbor transport operation, a suspension of the worker dispatching business for two months
- Order to improve worker dispatching operations

The suspension will take effect on August 10, 2007.

The suspension does not apply to workers already dispatched as of August 9, 2007. The suspension order relates to general worker dispatching, and consequently does not apply to other businesses, such as recruitment services or contracting businesses.

#### 2. Reason for Sanction

On May 1, 2007, three temporary workers, one each from Sannomiya Branch Office, Sannomiya Kitaguchi Branch Office and Motomachi Branch Office, followed on May 2, 2007 by a further three

temporary workers, two from Sannomiya Branch Office and one from Sannomiya Kitaguchi Branch Office, were asked to engage in pet bottle (drinking water) disposal work at a container at the disposal site of the new port pier No. 2 in Kobe, under the supervision and control of one of our corporate clients. As a consequence, we were found to have dispatched workers for the harbor transport business, which is prohibited under Section 1 of Article 4 of the Worker Dispatching Law.

We had previously received regular orders from this same client for light work in areas other than port areas, and we had been dispatching workers in response to these orders. For both orders on May 1 and 2, 2007, there was no description about the worksite on the purchase orders, and indeed the orders indicated that the work would involve “work in a warehouse.” We checked with the client, and were told that the work would involve “pallet transshipment” and that the workers were required to meet at the south side of JR Sannomiya Station. Our representative assumed that this would be similar to the orders for work that we had been receiving from this client, and hence dispatched the workers without confirming the actual address of the site.

Our error was not to question the purchase order or properly check the address of the worksite, because we had previously received similar orders from the same corporate client. As a result, we failed to prevent the workers from being dispatched to the excluded business.

### 3. Background

In response to the instructions to improve our worker dispatch operations, which were issued by the Tokyo Labor Bureau on March 27, 2007, we submitted an improvement report on April 27, 2007. Following this, we were instructed by the Tokyo Labor Bureau to submit an additional report. However, while we were taking the measures to improve our operations, workers were dispatched to the excluded service on both May 1 and 2, resulting in this sanction.

### 4. Action to Prevent Recurrence

After we submitted the report on improvements made to our worker dispatch operations, we took the following action to prevent a recurrence and ensure compliance.

((1) to (3) Items already implemented by June

#### (1) Strengthening of the Compliance Office, Compliance Promotion Department

To bolster compliance, we transferred all sales general managers (five people), responsible for sales in five blocks in Japan, from the Sales Headquarters to the Compliance Office, which is under the aegis of the Compliance Promotion Department. These five general managers are now responsible for ensuring compliance in each region.

#### (2) Introduction of internal operation monitoring functions

We have reinforced our system for comprehensive management of worker dispatch, which will enhance the internal operation monitoring function to prevent us from dispatching workers to excluded services prohibited under Section 1 of Article 4 of the Worker Dispatching Law.

- Introduction of computerized worker dispatch monitoring system

To strengthen monitoring and to track worker dispatch operations at each branch office in Japan, we have introduced a worker dispatch monitoring system. This system has made it possible to identify the names of companies to be supplied with workers, details of the service, and other information including key words corresponding to the excluded services (approximately 35 words) from data stored in our unique system for comprehensive management of worker dispatch, which supports all operations ranging from registration of dispatch worker applicants to matching companies with workers, at any time.

- Introduction of checking system

With respect to our system for checking operations, since June 2007 we have been performing checks through our worker dispatch monitoring system in the Compliance Office. When the checks reveal an issue that is potentially inappropriate or that raises uncertainties, we obtain the facts about the service and confirm with the relevant labor bureau and public employment security office whether it is possible to dispatch workers for the service. If it is not permitted, we inform the client that we will not be able to dispatch workers.

(3) Ongoing compliance training

Since July 4, 2007, we have been conducting a second round of management personnel training, consisting of a total of nine sessions. This training targets all 264 management personnel, including worker dispatchers and branch office managers, in Tokyo Osaka, Nagoya, and Fukuoka.

In addition, Fullcast Chairman and Chief Executive Officer Takehito Hirano personally operated a compliance awareness campaign for management personnel in the major cities of Japan from the middle of June to the middle of July 2007.

New initiatives

(4) Briefing of corporate clients

Certain of our corporate clients are not yet properly aware of which services are prohibited under Section 1 of Article 4 of the Worker Dispatching Law, and this lack of awareness makes them unsuited for using or supervising temporary workers. We consider this to be one of the factors in this issue.

To improve compliance awareness at our corporate customers, we will create a pamphlet for companies and provide briefings.

(5) Detailed explanation to temporary staff members

We will further strengthen our explanation on services prohibited under Section 1 of Article 4 of the Worker Dispatching Law to temporary worker applicants at the time of the registration orientation meeting.

5. About the Suspension

(1) For registered staff members

The suspension of business does not affect workers already dispatched as of August 9, 2007. Consequently, dispatched staff members can continue their work without change.

During the period of suspension of the worker dispatching business, we will not be able to introduce staff members to new services. So that we can provide registered staff members with work opportunities, we will therefore introduce jobs from our Group companies or other companies.

(2) For customers

The suspension of business does not affect workers already dispatched as of August 9, 2007. During the period of suspension of the worker dispatching business, we regret that we will not be able to accept new orders. We appreciate the understanding of our valued customers.

We will make every effort to ensure that all branch offices and sales representative remain informed of the situation.

## 6. Internal Sanctions

We take this administrative sanction seriously, and will accordingly be imposing our own internal sanctions, described below. In addition, Fullcast Chairman and Chief Executive Officer Takehito Hirano is committee to bolstering the internal compliance system and ensuring internal awareness, to ensure that this issue never recurs. Mr. Hirano also plans to return his representative rights at the end of this period.

Chairman and Chief Executive Officer	Takehito Hirano	Monthly compensation for directors	Return 50% for three months
President and Chief Operating Officer	Hiroyuki Urushizaki	Monthly compensation for directors	Return 50% for three months
Managing Director and Chief Administrative Officer	Yasushi Kamiguchi	Monthly compensation for directors	Return 30% for three months
Corporate Executive Officer, General Manager of the Sales Headquarters	Tsuyoshi Kanno	Monthly salary for executive officers	Return 10% for three months
Corporate Executive Officer, General Manager of Compliance Promotion Department	Toshihiro Ishibashi	Monthly salary for executive officers	Return 10% for three months
Corporate Executive Officer, Deputy General Manager of the Sales Headquarters	Jun Teramoto	Monthly salary for executive officers	Return 10% for three months
Corporate Executive Officer, Deputy General Manager of the Sales Headquarters	Toru Wada	Monthly salary for executive officers	Return 10% for three months

## 7. Future Outlook

We will announce the forecasts for the period ending September 2007 as soon as the figures are determined.