Consolidated Financial Results Announcement for the Third Quarter of the Term Ending September 2009

August 5, 2009

Company name: **Fullcast Holdings Co., Ltd.**
Stock exchange listing: First Section of the Tokyo Stock Exchange
Stock code: 4848 URL: http://www.fullcast.co.jp
Representative: Hiroyuki Urushizaki, Director and President
Contact: Futoshi Kitagawa, Executive Officer Telephone: +81-3-4530-4830
Scheduled day for quarterly report submission: August 14, 2009
Scheduled day for commencement of dividend payments: –

(Figures are rounded to the nearest million yen.)

1. Consolidated Financial Results for the Third Quarter of the Fiscal Year Ending September 30, 2009 (October 1, 2008 – June 30, 2009)

(1) Consolidated business results (aggregated) (Figures in percentages denote the year-on-year change.)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
3Q-FY9/09	46,871	–	-869	–	-1,053	–	-5,724	–
3Q-FY9/08	74,469	-9.8	1,169	-51.1	1,049	-52.0	-240	–

	Net income per share	Diluted net income per share
	Yen	Yen
3Q-FY9/09	-18,968.41	–
3Q-FY9/08	-906.34	–

(2) Consolidated financial conditions

	Total assets	Net assets	Shareholders' equity ratio	Shareholders' equity per share
	Million yen	Million yen	%	Yen
3Q-FY9/09	20,051	3,803	12.2	6,344.24
FY9/08	36,697	10,969	20.6	28,591.84

(Reference) Shareholders' equity: 3Q-FY9/09, 2,442 million yen: FY9/08: 7,573 million yen

2. Dividends

	Dividend per share				
(Base date)	End of Q1	End of Q2	End of Q3	End of FY	Annual
	Yen	Yen	Yen	Yen	Yen
FY9/08	–	0.00	–	0.00	0.00
FY9/09	–	0.00	–		
FY9/09 (forecast)				0.00	0.00

(Note) Revision of the expected dividends in the third quarter under review: None

3. Forecast for Consolidated Financial Results for the Year Ending September 30, 2009 (October 1, 2008 – September 30, 2009) (Percentage figures denote the year-on-year increase or decrease.)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full-year	57,573	-41.8	-515	–	-778	–	-5,148	–	-15,951.56

(Note) Revision of the consolidated forecast in the third quarter under review: Yes

4. Others

(1) Important changes of subsidiaries during the term (changes of specified subsidiaries that lead to a change in the scope of consolidation): Yes

New: None

Eliminated: 1 company (company name: Asia Pacific System Research Co., Ltd.)

(2) Application of simplified accounting policies and accounting treatment specific to the production of consolidated financial statements: Yes

(3) Changes in accounting principles and procedures and the presentation method, etc. of consolidated financial statements (those which are included in changes to important matters that will be the bases for preparing consolidated financial statements)

1) Changes associated with the revision of accounting principles, etc.: Yes

2) Change other than 1): No

(4) Number of shares issued (common stock)

1) Number of shares issued at the end of the term (including treasury stock)

Third quarter ended June 2009: 395,964: Fiscal year ended September 2008: 275,964

2) Number of treasury stock at the end of the term

Third quarter ended June 2009: 11,100: Fiscal year ended September 2008: 11,100

3) Average number of shares outstanding during the term (consolidated quarter)

Third quarter ended June 2009: 301,787: Third quarter ended June 2008: 264,864

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

Starting this consolidated fiscal year, "Accounting Standard for Quarterly Financial Reporting" (ASBJ Statement No.12) and "Guidance on Accounting Standard for Quarterly Financial Reporting" (ASBJ Guidance No.14) are adopted. In addition, pursuant to the Rules Concerning Quarterly Consolidated Financial Statements, we prepared quarterly consolidated financial statements.

Of all plans, forecasts, strategies and others, those which are not historical facts are future outlooks based upon certain conditions and our management's judgement based upon currently available data.

Therefore, we advise that you not rely solely on these outlooks in weighing our business results, corporate value and other factors. Please also be informed that actual financial results may vary widely from these outlooks due to various factors.

Important factors that may have an impact on actual financial results include: (1) The economic situation surrounding the company (index of mining and industrial output, inventory index, etc.) and changes in the employment situation; (2) Damage to cooperate infrastructure due to disasters, including earthquakes; and (3) Changes in the relevant laws, including the Labor Standards Law and the Worker Dispatch Law, and in interpretations of thereof. However, the factors that may affect the financial results shall not be limited to these.

Furthermore, notwithstanding new data, future events or any other results, we may not always review our future projections.

For the assumptions underlying earnings forecasts and related issures, please see Page 7, "3. Qualitative Data on Consolidated Business Forecast" of "Qualitative Data, Financial Statements and Other Information.

1. Qualitative Data on Consolidated Financial Results

Qualitative data on consolidated operating results covers the three-month period from April 1, 2009 to June 30, 2009. With respect to qualitative data on consolidated financial results for the first quarter of the fiscal year ending September 2009 and the second quarter of the fiscal year ending September 2009, please refer to the Announcement of Consolidated Financial Results for the First Quarter of the Term Ending September 2009 (disclosed on January 30, 2009) and the Announcement of Consolidated Financial Results for the First Half of the Term Ending September 2009 (disclosed on May 8, 2009).

During the third quarter, unemployment conditions worsened due largely to the negative effects of the economic downturn, which began in 2008. Demand for dispatched workers did not recover because of the negative effects of employment adjustment observed during the first half of the fiscal year, the canceling of worker dispatch contracts, and the cancelation of worker dispatch contracts. Consequently, market conditions within the human resources sector remained severe.

Against this backdrop, the Fullcast Group has been implementing various restructuring measures as part of the Group's reorganization strategy based on our New Three-Year Plan announced on May 8, 2009. We are striving to build a more profitable corporate structure by redefining our business focus, specifically by designating the short-term staff outsourcing and sales outsourcing as our main business domains, while identifying the factory business and technology business as non-core businesses.

Looking at consolidated sales, demand for worker dispatching for the sale of communications equipment in the office business and for retailing and services in the spot business remained robust, while orders in other spot businesses remained sluggish. Furthermore an increasing number of worker dispatch contracts were cancelled in the technology business and dispatch fees were reduced. As a result of these and other factors, consolidated sales came to 12,107 million yen (a year-on-year decline of 50.9%). Note that consolidated net sales would have declined by a smaller margin of 40.5% from a year earlier if the effects of subsidiaries whose shares were transferred are excluded (*).

Looking at profits, despite our Group's adoption of measures to reduce selling, general, and administrative expenses through a call for voluntary retirement to reduce the size of our work force primarily in our spot business, and a consolidation of offices, the Group was not able to fully offset the decline in sales. Consequently, we recorded consolidated operating losses of 273 million yen compared with consolidated operating income of 428 million yen in the same term of the previous year. At the extraordinary level, we incurred a loss on closing of stores of 182 million yen, special retirement expenses of 368 million yen, a loss on the sale of shares in subsidiaries and affiliates of 294 million yen arising from the transfer of shares in consolidated subsidiaries, a loss on debt waivers of 950 million yen, and a loss on assignments of accounts receivable of 950 million yen. Consequently, our quarterly consolidated net loss stood at 2,943 million yen (compared with a consolidated net loss of 137 million yen in the same period last year).

We have been pursuing a number of initiatives to rationalize operations based on our New Three-Year Plan since the consolidated accounting period of the third quarter under review. Specific measures of the Plan are as follows:

1. A policy of selling Fullcast Technology Co., Ltd., which operates a technology business, was adopted (Disclosed on April 9, 2009: Impact on the Technology Business).
2. All shares of Fullcast Finance Co., Ltd., which operates a credit business, and receivables (loans receivable) from this subsidiary were transferred to a third party (Disclosed on May 8, 2009: Impact on the Other Business).
3. All shares of Fullcast Factory Co., Ltd., which operates a factory business, were transferred to a third party (Disclosed on June 1, 2009: Impact on the Factory Business) and all shares of Fullcast Central Co., Ltd. were transferred to third parties (Disclosed on June 11, 2009: Impact on the Factory Business and the Technology Business).
4. The workforce was cut by 276 through the solicitation of voluntary retirement, at Fullcast Co., Ltd. (Disclosed on June 9, 2009: Impact on the Spot Business)
5. Fixed assets (real estate) owned by Fullcast were sold (Disclosed on July 16, 2009: Impact on consolidated results).
6. Shares of Net It Works, Inc., which operates a technology business, were transferred to a third party (Disclosed on July 17, 2009: Impact on the Technology business).

(Note) Subsidiaries whose shares were transferred include Asia Pacific System Research Co., Ltd. (disclosed on November 18, 2008), Info-P Co., Ltd. (disclosed on March 9, 2009), Fullcast Finance Co., Ltd. (disclosed on May 8, 2009), Fullcast Factory Co., Ltd. (disclosed on June 1, 2009), and Fullcast Central Co., Ltd. (disclosed on June 11, 2009).

Financial results by business segment are as follows.

[Spot Business]

With overall demand for staff dispatch still sluggish, orders from corporate clients remained weak. As a result, sales declined 53.8% year on year, to 4,348 million yen. With regards to profits, despite reductions in selling, general, and administrative expenses primarily at Fullcast Co., Ltd., through a call for voluntary retirement to reduce the size of our workforce, consolidation and closing of offices, and other measures, the negative effects of lower sales could not be fully absorbed. Consequently, in this segment we realized an operating loss of 14 million yen (compared with operating income of 514 million yen in the same period last year).

[Factory Business]

Because of the negative effects of adjustments to employment observed in the first half of the current fiscal year, sales of the factory business fell by 80.7% from a year earlier, to 812 million yen. In terms of profits, our Group posted an operating loss of 169 million yen (compared with an operating income of 43 million yen in the year-ago period), because we were unable to fully absorb the negative impact of declining sales. With the transfer of all shares of Fullcast Factory Co., Ltd. on June 1, 2009, and of Fullcast Central Co., Ltd. on June 12, 2009, the two companies were removed from the scope of consolidation on June 1, 2009. Note that without the effects of the two companies, sales in this segment would have declined by a smaller margin of 70.4% on a year-on-year basis.

[Technology Business]

Despite the steady orders from ongoing projects, such as the installation of communications base stations and IT infrastructure creation, the cancelation of worker dispatch contracts in the engineering dispatch division and the negative effects of reduced dispatch fees caused sales in the technology business to decline by 48.8% year on year, to 3,150 million yen. Turning to profits, despite our efforts to reduce selling, general, and administrative expenses, operating income declined 84.9% from a year earlier, to 14 million yen. Without the transfer of shares in the Technology Business of Asia Pacific System Research Co., Ltd. and Fullcast Central Co., Ltd., sales would have decreased by a lesser margin of 28.8% on a year on year basis.

[Office Business]

While sales of communication equipment remained steady, worker dispatch for offices continued to be negatively affected by the economic downturn. As a result, sales increased by 2.3% from a year earlier, to 3,216 million yen. Concerning profits, the negative effects from the increase in selling, general, and administrative expenses, including labor costs, and the declining sales in worker dispatch contracts for offices, contributed to a negligible operating loss (compared with operating income of 90 million yen in the year-ago period).

[Other Business]

In our other business division, sales in the area of security guards fell on a year-on-year basis. As a result, sales in other business declined by 66.4% from a year earlier, to 581 million yen. Looking at profits, operating income was 25 million yen (compared with an operating loss of 87 million yen from a year earlier) as a result of the streamlining of operations. Without the transfer of shares in Info-P Co., Ltd. and Fullcast Finance Co., Ltd., sales would have fallen by only 5.3% on a year-on-year basis.

2. Qualitative Data on Consolidated Financial Position

[Assets, Liabilities and Shareholders' Equity]

Total consolidated assets at the end of the third quarter declined by 4,400 million yen from the end of the consolidated accounting period of the second quarter, to 20,051 million yen. Shareholder's equity dropped by 2,351 million yen, to 2,442 million yen (shareholder's equity ratio: 12.2%), and net assets fell by 2,333 million yen, to 3,803 million yen.

The major factors for the decline were the sale of three consolidated subsidiaries and the pursuit of initiatives for the rationalization of business operations, to encourage a focus on core competencies based on our medium-term management plan. Capital stock and capital surplus increased by 277 million yen respectively as a result of a third party private placement conducted on April 8, 2009.

Major changes in assets and liabilities are as follows.

In terms of assets, current assets fell by 3,613 million yen from the end of the second quarter to 13,989 million yen. This decline is due primarily to cash and deposits, which decreased by 805 million yen, to 6,657 million yen, and trade notes and accounts receivables which declined by 1,939 million yen to 5,160 million yen. Fixed assets fell by 787 million yen from the end of the second quarter to 6,062 million yen. The main reasons for this were a decrease in deposits paid by 361 million yen to 1,240 million yen and a fall in tangible and intangible fixed assets by 283 million yen to 3,375 million yen.

In terms of liabilities, current liabilities declined by 1,391 million yen from the end of the second quarter to 12,680 million yen. This result reflects a reduction in short-term borrowings of 40 million yen to 6,813 million yen, a reduction in accrued expenses of 936 million yen to 801 million yen, a fall in unpaid accounts of 275 million yen to 1,521 million yen, and a drop in income taxes payable of 93 million yen to 112 million yen. Long-term liabilities decreased by 676 million yen from the end of the second quarter to 3,568 million yen, due primarily to a decrease in long-term debt of 510 million yen to 2,907 million yen and a fall in provision for retirement benefits by 142 million yen to 474 million yen.

[Cash Flows]

As of the end of the third quarter under review, cash and cash equivalents (hereinafter “cash”) decreased by 805 million yen from the end of the second quarter to 6,757 million yen.

[Cash flows from operating activities]

Cash used in operating activities was 628 million yen, reflecting a quarterly net loss before income taxes and minority interests of 2,938 million yen, a decrease in accrued expenses of 478 million yen, income taxes paid of 366 million yen (income tax refund of 79 million yen), and a fall in the provision for retirement benefits and notes and accounts receivable-trade of 1,245 million yen (a fall in notes and accounts payable-trade of 118 million yen), a loss on debt forgiveness of 950 million yen, and a loss on the transfer of receivables of 950 million yen.

[Cash flows from investment activities]

Cash used in investment activities was 194 million yen, primarily attributable to payments for the sale of investments in subsidiaries resulting from changes in the scope of consolidation of 424 million yen, payments for purchase of property, plant and equipment of 32 million yen, and proceeds from sales of shares in subsidiaries resulting in changes in the scope of consolidation of 194 million yen.

[Cash flows from financing activities]

Cash generated by financing activities was 16 million yen, mainly due to proceeds from the issue of shares through the implementation of a third party private placement which raised 553 million and proceeds from payments of minority shareholders (companies with which a merger was conducted) associated with the establishment of a joint venture, as well as the repayment of long-term debt of 510 million yen and a net decrease in short-term borrowings of 40 million yen.

3. Qualitative Data on Consolidated Earnings Forecast

With respect to our consolidated earnings forecast for the full fiscal year ending September 30, 2009, in consideration of our intermediate term business plan and events unique to the Group such as the transfer of shares in subsidiaries, the disposal of fixed assets, and the current outlook for the economic environment, net sales, and operating, ordinary and net losses were revised to 57,573 million yen, 515 million yen, 778 million yen, and 5,148 million yen respectively.

For details, please refer to the “Notice of Revisions to Consolidated Business Forecast for the Fiscal Year ending September 2009,” which was disclosed today.

4. Others

(1) Important changes in subsidiaries during the term (change in specified subsidiaries that led to a change in the scope of consolidation)

Excluded from consolidation: Asia Pacific System Research Co., Ltd.

As all shares of Asia Pacific System Research Co., Ltd. were transferred, the company was excluded from the scope of consolidation.

(2) Adoption of simplified accounting policies and of accounting policies particular to the preparation of quarterly consolidated financial statements

Simplified accounting policies

Calculation method for depreciation of fixed assets

For assets for which the declining balance method is used, depreciation expenses are calculated by proportionally distributing the amount of depreciation for the consolidated fiscal year to the period.

(3) Changes in principles, procedures, presentation methods of accounting procedures for quarterly consolidated financial statements

1. Adoption of Accounting Standard for Quarterly Financial Reporting

From this fiscal year, “Accounting Standard for Quarterly Financial Reporting” (ASBJ Statement No.12) and “Guidance on Accounting Standard for Quarterly Financial Reporting” (ASBJ Guidance No.14) are adopted. In addition, we prepared quarterly consolidated financial statements in compliance with the “Rules Concerning Quarterly Consolidated Financial Statements”.

2. Adoption of Accounting Standard for Measurement of Inventories

From the consolidated accounting period of the first quarter under review, “Accounting Standard for Measurement of Inventories” (ASBJ Statement No. 9, July 5, 2006) is adopted. The standard for measurement has been changed from cost method to cost method (the method of devaluing book price to reflect declines in profitability). The influence of the change on the financial results is marginal.

3. Adoption of Accounting Standard for Lease Transactions

Accounting procedure for rental transactions had been applied mutatis mutandis for non-transfer-ownership finance lease before. However, “Accounting Standard for Lease Transactions” (ASBJ Statement No. 13, (June 17, 1993, First Committee of Business Accounting Council, Revised on March 30, 2007) and “Guidance on Accounting Standard for Lease Transactions” (ASBJ Guidance No. 16, January 18, 1994, Accounting System Committee, the Japanese Institute of Certified Public Accountants, Revised on March 30, 2007) have become applicable for quarterly consolidated financial statements of consolidated fiscal years starting on or after April 1, 2008. Therefore, we have adopted the accounting standard from the first quarter under review with the accounting procedure for usual sales transaction. In terms of the method for depreciating leased assets of non-transfer ownership finance leases, the fixed amount method is adopted by setting the lease period as durable years and the scrap value as zero.　This does not influence the financial results.

Incidentally, for the non-transfer-ownership finance lease that started before the year when the above accounting standards were adopted, the accounting procedure for rental transactions continues to be applied.

5. Consolidated Quarterly Financial Statements

(1) Consolidated Quarterly Balance Sheets

(Million yen)

	End of consolidated accounting period for the current third quarter under review (June 30, 2009)	Condensed consolidated balance sheets at end of the previous fiscal year (September 30, 2008)
ASSETS		
Cash and deposits	6,657	9,878
Notes and accounts receivable-trade	5,160	11,866
Short-term investment securities	201	100
Merchandise	150	125
Work in process	444	678
Supplies	44	78
Other	1,440	3,951
Allowance for doubtful accounts	-105	-235
Total current assets	13,989	26,441
Noncurrent assets:		
Property, plant and equipment		
Buildings and structures, net	488	638
Tools, furniture and fixtures, net	219	487
Land	630	793
Other, net	4	9
Total property, plant and equipment	1,340	1,927
Intangible assets		
Goodwill	1,378	3,035
Other	656	1,129
Total intangible assets	2,035	4,165
Investments and other assets		
Guarantee deposits	1,240	1,979
Other	1,564	2,374
Allowance for doubtful accounts	-117	-189
Total investments and other assets	2,687	4,165
Total noncurrent assets	6,062	10,257
Total assets	20,051	36,697

(Million yen)

LIABILITIES	End of consolidated accounting period for the current third quarter under review (June 30, 2009)	Condensed consolidated balance sheets at end of previous fiscal year (September 30, 2008)
Current liabilities		
Current liabilities		
Notes and accounts payable-trade	638	1,407
Short-term loans payable	6,813	8,144
Current portion of long-term loans payable	2,040	2,867
Accounts payable-other	1,521	1,945
Accrued expenses	801	2,649
Income taxes payable	112	532
Provision for bonuses	361	1,409
Allowance for cancellation adjustments	98	205
Other	294	565
Total current liabilities	12,680	19,723
Noncurrent liabilities		
Long-term loans payable	2,907	5,237
Provision for retirement benefits	474	553
Other	187	216
Total noncurrent liabilities	3,568	6,005
Total liabilities	16,248	25,728
NET ASSETS		
Shareholders' equity：		
Capital stock	3,741	3,464
Capital surplus	3,183	2,906
Retained earnings	-1,747	3,978
Treasury stock	-2,747	-2,747
Total shareholders' equity	2,430	7,601
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	11	-28
Total valuation and translation adjustments	11	-28
Minority interests	1,362	3,396
Total net assets	3,803	10,969
Total Liabilities And Net Assets	20,051	36,697

(2) Consolidated Quarterly Profit and Loss Statement (Million yen)

Third Quarter Aggregate Period of the Current Consolidated Fiscal Year (October 1, 2008 - June 30, 2009) under review	
Net sales	46,871
Cost of sales	36,419
Gross profit	10,451
Selling, general and administrative expenses	11,320
Operating loss	-869
Non-operating income	
Real estate rent	161
Dividends income	45
Other	148
Total non-operating income	354
Non-operating expenses	
Interest expenses	170
Rent cost of real estate	161
Equity in losses of affiliates	62
Other	146
Total non-operating expenses	539
Ordinary loss	-1,053
Extraordinary income	
Gain on sales of subsidiaries and affiliates' stocks	295
Gain on sales of investment securities	1
Reversal of allowance for doubtful accounts	49
Gain on transfer of business	2
Government subsidy received	186
Other	0
Total extraordinary income	534

	Third Quarter Aggregate Period of the Current Consolidated Fiscal Year (October 1, 2008 - June 30, 2009) under review
Extraordinary loss	
Loss on sales of stocks of subsidiaries and affiliates	1,218
Loss on sales of investment securities	13
Loss on valuation of investment securities	59
Loss on sales of noncurrent assets	91
Loss on retirement of noncurrent assets	62
Loss on insurance cancellation	66
Loss on closing of stores	567
Special retirement expenses	469
Allowance for employment adjustment	269
Impairment loss	85
Loss on loan write-off	950
Loss on the transfer of receivables	950
Head office transfer cost	27
Other	12
Total extraordinary losses	4,838
Loss before income taxes and minority interests	-5,358
Income taxes-current	261
Income taxes-deferred	53
Total income taxes	313
Minority interests in income	53
Net loss	-5,724

(Million yen)

	Third quarter accounting period of the current consolidated fiscal year (April 1, 2009 – June 30, 2009) under review
Net sales	12,107
Cost of sales	9,585
Gross profit	2,521
Selling, general and administrative expenses	2,794
Operating loss	-273
Non-operating income	
Real estate rent	40
Dividends income	1
Gain on equity method investments	21
Other	4
Total non-operating income	65
Non-operating expenses	
Interest expenses	53
Rent cost of real estate	43
Equity in losses of affiliates	29
Other	35
Total non-operating expenses	160
Ordinary loss	-367
Extraordinary income	
Gain on sales of subsidiaries and affiliates' stocks	295
Gain on sales of investment securities	1
Reversal of allowance for doubtful accounts	24
Government subsidy received	165
Other	0
Total extraordinary income	484

	Third quarter accounting period of the current consolidated fiscal year (April 1, 2009 – June 30, 2009) under review
Extraordinary loss	
Loss on sales of stocks of subsidiaries and affiliates	294
Loss on valuation of investment securities	4
Loss on sales of noncurrent assets	6
Loss on retirement of noncurrent assets	31
Loss on closing of stores	182
Special retirement expenses	368
Allowance for employment adjustment	230
Loss on loan write-off	950
Loss on the transfer of receivables	950
Head office transfer cost	27
Other	12
Total extraordinary losses	3,055
Loss before income taxes and minority interests	-2,938
Income taxes-current	91
Income taxes-deferred	-87
Total income taxes	4
Minority interests in income	1
Net loss	-2,943

(3) Consolidated Quarterly Cash Flows Statement (Million yen)

Third Quarter Aggregate Period of the Current Consolidated Fiscal Year under review (From October 1, 2008 to June 30, 2009)

Net cash provided by (used in) operating activities:	
Loss before income taxes and minority interests	-5,358
Depreciation and amortization	426
Amortization of goodwill	152
Stock issuance cost	4
Loss (gain) on valuation of investment securities	59
Loss (gain) on sales of stocks of subsidiaries and affiliates	923
Loss (gain) on sales of investment securities	12
Loss (gain) on sales of noncurrent assets	90
Loss on retirement of noncurrent assets	62
Loss (gain) on transfer of business	-2
Impairment loss	85
Loss on loan write-off	950
Loss on the transfer of receivables	950
Equity in (earnings) losses of affiliates	62
Increase (decrease) in allowance for doubtful accounts	88
Increase (decrease) in provision for retirement benefits	-35
Increase (decrease) in provision for bonuses	-649
Interest and dividends income	-51
Interest expenses	170
Decrease (increase) in notes and accounts receivable-trade	4,380
Decrease (increase) in inventories	-40
Increase (decrease) in notes and accounts payable-trade	-452
Decrease (increase) in insurance funds	375
Increase (decrease) in accrued expenses	-1,271
Increase (decrease) in accrued consumption taxes	518
Other, net	140
Subtotal	1,591
Interest and dividends income received	52
Interest expenses paid	-173
Income taxes paid	-720
Income taxes refund	491
Net cash provided by (used in) operating activities	1,241

Third Quarter Aggregate Period of the Current Consolidated Fiscal Year under review
(From October 1, 2008 to June 30, 2009)

Net cash provided by (used in) investment activities:	
Purchase of property, plant and equipment	-88
Proceeds from sales of property, plant and equipment	133
Purchase of intangible assets	-95
Proceeds from sales of investment securities	21
Proceeds from sales of investments in subsidiaries resulting in change in scope of consolidation	361
Payments for sales of investments in subsidiaries resulting in change in scope of consolidation	-792
Proceeds from transfer of business	19
Other, net	3
Net cash provided by (used in) investment activities:	-438
Net cash provided by (used in) financing activities:	
Net increase (decrease) in short-term loans payable	-1,331
Repayment of long-term loans payable	-3,157
Proceeds from issuance of common stock	553
Proceeds from stock issuance to minority shareholders	32
Cash dividends paid to minority shareholders	-14
Other, net	-5
Net cash provided by (used in) financing activities	-3,923
Net increase (decrease) in cash and cash equivalents	-3,121
Cash and cash equivalents at beginning of period	9,878
Cash and cash equivalents at end of period	6,757

From the current fiscal year, "Accounting Standard for Quarterly Financial Reporting" (ASBJ Statement No.12) and "Guidance on Accounting Standard for Quarterly Financial Reporting" (ASBJ Guidance No.14) have been adopted. In addition, we have prepared quarterly consolidated financial statements pursuant to the Rules Concerning Quarterly Consolidated Financial Statements.

(4) Concerning notes about going concern assumption

The Third Quarter Aggregate Period of the Current Fiscal Year (October 1, 2008 - June 30, 2009)

On October 3, 2008, Fullcast Co., Ltd. was ordered to suspend its worker dispatching business and improve its worker dispatching operations from the Tokyo Labour Bureau because of a violation of an order to suspend its worker dispatching business, which had been initially issued by the Tokyo Labour Bureau on August 3, 2007. As a result, the Group forecasts a decline in both sales and operating income in the fiscal year ending September 30, 2009, reflecting the business suspension of Fullcast Co., Ltd. and damages to our brand. As of the date of submission, the Group is continuing discussions with major financial institutions to review the conditions of loan agreements for the future.

Under these circumstances, we recognize that there is significant concern about the going concern assumption.

The period of suspension of the worker dispatch business expired on November 9, 2008, while the process of the order to improve the worker dispatching operations was completed with the final report on the improvements made on January 16, 2009.

To overcome these circumstances, Fullcast has sought to reduce administrative expenses through measures to streamline its operations, primarily by consolidating branch offices to stabilize the management as early as possible. Moreover, all Group companies have made concerted efforts to improve the compliance system and to prevent the recurrence of similar events.

Our Company has used some of the funds raised by the sale of shares in its subsidiaries for the repayment of loans. In addition we also put some of the funds raised to use as working capital. Meanwhile, Fullcast offered new shares through a private placement on April 8, 2009 to improve its financial position. The Company has also taken steps to streamline its operations by consolidating offices and downsizing our workforce, selling subsidiaries engaged in the technology business and the factory business, and other initiatives to enable the Group to strengthen its foundations and dispose of assets to raise the necessary funds.

The Group believes that the business environment of all Group companies will return to normal through the initiatives mentioned above and that the damage to our credibility associated with the administrative sanctions will be repaired in the near future. Consequently we believe that the concern arising from our going concern assumption will also be eliminated. At present, however, material uncertainty was recognized concerning the Group's profit outlook and the prospect of achieving the revenue and expenditure plan.

The consolidated financial statements for the third quarter under review have been prepared on the premise that Fullcast will operate as a going concern and do not reflect the effect of the significant doubt about the going concern assumption.

(5) Segment information

Information on the business segments

Third quarter accounting period of the current fiscal year (April 1, 2009 – June 30, 2009)

(Million yen)

	Spot Business	Factory Business	Technology Business	Office Business	Other Business	Total	Elimination or company total	Consolidated
I. Net sales and operating income Net sales (1) Sales to external customers	4,348	812	3,150	3,216	581	12,107	—	12,107
(2) Inter-segment sales or transfers	4	0	3	4	1	11	(11)	—
Total	4,352	812	3,152	3,220	582	12,118	(11)	12,107
Operating income or loss (-)	-14	-169	14	-0	25	-143	(129)	-273

Third quarter aggregate period of the current fiscal year (October 1, 2008 – June 30, 2009)

(Million yen)

	Spot Business	Factory Business	Technology Business	Office Business	Other Business	Total	Elimination or company total	Consolidated
I. Net sales and operating income Net sales (1) Sales to external customers	16,358	6,662	11,616	8,114	4,121	46,871	—	46,871
(2) Inter-segment sales or transfers	95	3	7	9	6	120	(120)	—
Total	16,453	6,664	11,623	8,123	4,128	46,991	(120)	46,871
Operating income or loss (-)	-623	-399	646	-4	28	-352	(516)	-869

Notes:

1. The company's business activities are divided as given below for the purpose of internal management.
2. Business segments
   (1) Spot Business: Short-term employee dispatching services, short-term contractual workers services
   (2) Factory Business: Staffing services for production line work, contracted-out services for production line work
   (3) Technology Business: Engineer dispatching services, human resources contracting of technical staff, data communication services
   (4) Office Business: Clerical manpower dispatching, clerical work contracting
   (5) Other Business: Restaurant and bar management, security services, advertising agency services, etc.

Geographic segment information

Geographic segment information is not disclosed because we do not have consolidated subsidiaries or branch offices outside of Japan in the third quarter of the current fiscal year.

Overseas sales

Overseas sales are not disclosed due to the absence of overseas sales in the third quarter of the current fiscal year.

(6) Matters concerning significant fluctuation in shareholder's equity

On April 8, 2009, we received funds from Takehito Hirano, chairman of the Company, and by Hikari Tsushin, Inc. for new shares offered through a private placement. Consequently, capital increased by 277 million yen and capital reserves increased by 277 million yen in the third quarter, raising capital to 3,741 million yen and capital reserves to 3,183 million yen.

Reference

Financial statements of the third quarter of the previous fiscal year

(1) Consolidated quarterly profit and loss statement

	Third Quarter Aggregate Period of the previous consolidated fiscal year (October 1, 2007 – June 30, 2008)		
Category	Amount (Million yen)		%
I Net sales		74,469	100.0
II Cost of sales		56,011	75.2
Gross profit		18,458	24.8
III Selling, general and administrative expenses			
1.Salaries and wages	5,131		
2.Miscellaneous wages	1,783		
3.Legal welfare	877		
4.Provision of accrued bonuses	384		
5.Retirement benefit expenses	189		
6.Communications expenses	584		
7.Advertisement and sales promotion	231		
8.Travel and transportation	731		
9.Rents	1,662		
10.Depreciation and amortization	476		
11.Recruitment expense	1,479		
12.Provision of allowance for doubtful accounts	136		
13.Amortization of goodwill	273		
14.Other	3,352	17,289	23.2
Operating income		1,169	1.6
IV Non-operating income			
1.Interest income	20		
2.Rental income	108		
3.Other	154	282	0.3
V Non-operating expenses			
1.Interest expense	179		
2. Rent cost	89		
3. New stock issue expenses	1		
4.Loss on equity method investments	32		
5.Other	101	402	0.5
Ordinary income		1,049	1.4
VI Extraordinary income			
1.Gain on sale of fixed assets	3		
2.Gain on sales of investment securities	88		
3.Reversal of allowances for doubtful accounts	16		
4. Gain on sales of subsidiaries and affiliates' stocks	8	115	0.2

	Third Quarter Aggregate Period of the previous consolidated fiscal year (October 1, 2007 – June 30, 2008)		
Category	Amount (Million yen)		%
VII Extraordinary loss			
1. Loss on sales of noncurrent assets	1		
2. Loss on disposal of fixed assets	29		
3.Loss on valuation of investment securities	200		
4.Loss on change of share-holding ratio	0		
5.Penalty	29		
6.Loss on impairment of fixed assets	117		
7. Loss on closing of stores	188		
8. Expenses for withdrawal from training base	32		
9. Head office transfer cost	194	790	1.1
Income before income taxes and minority interests		374	0.5
Corporate, residential and enterprise taxes	622		
Corporate tax adjustment	-43	579	0.8
Minority interests		35	0.0
Net loss		-240	-0.3

(2) (Summarized) Consolidated quarterly cash flows statement

Category	Third Quarter Aggregate Period of the previous consolidated fiscal year (October 1, 2007 – June 30, 2008) Amount (Million yen)
I Cash flows from operating activities	
1.Income before income taxes and minority interests	374
2.Depreciation and amortization	559
3.Increase (decrease) in allowance for doubtful accounts	36
4.Increase (decrease) in allowance for bonuses	-458
5.Increase (decrease) in allowance for employee retirement benefits	76
6.Interest and dividend income	-30
7.Interest expenses	179
8.Gain on sale of fixed assets	-3
9.Loss on sales of noncurrent assets	1
10.Loss on disposal of fixed assets	29
11.Credit losses	51
12.Gain on sale of investment securities	-88
13. Loss on valuation of investment securities	200
14. Gain on sales of subsidiaries and affiliates' stocks	-8
15. New stock issue expenses	1
16.Amortization of goodwill	279
17.Gain and loss on equity method investments	32
18.Loss on change of share-holding ratio	0
19. Loss on impairment of fixed assets	117
20.Increase (decrease) in trade receivable	205
21.Increase (decrease) in inventories	-185
22.Increase (decrease) in trade payable	-791
23.Increase (decrease) in accrued expenses payable	-226
24.Increase in insurance reserve fund	-12
25. Increase (decrease) in accrued income	-112
26.Decrease in accrued consumption tax	-1,197
27.Other	100
Subtotal	-870
28.Interest and dividend received	30
29.Interest paid	-183
30. Income taxes paid	-1,501
31.Refund of income tax etc.	598
Net cash used in operating activities	-1,924
II Cash flows from investing activities	
1.Purchase of time deposits	-1
2. Proseeds from refund of time deposits	11
3.Purchase of tangible fixed assets	-263
4.Proceeds from sales of tangible fixed assets	12
5.Purchase of intangible fixed assets	-240
6. Proceeds from maturity of investment securities	100
7.Purchase of acquisition of investment securities	-125
8. Proseeds from sales of investment securities	199
9.Proceeds from collection on equity in investment securities	3
10. Advanced for loans receivable	-435
11.Collection on loans receivable	443
12.Expense for transferred business	-418
13.Other	11
Net cash used in investing activities	-704

	Third Quarter Aggregate Period of the previous consolidated fiscal year (October 1, 2007 – June 30, 2008)
Category	Amount
1.Increase (decrease) in short-term borrowings	4,386
2. Proceeds of long-term debt	200
3.Repayments of long-term debt	-2,609
4.Payments of redemption of corporate bonds	-100
5.Proceeds from payment by minority shareholders	51
6.Payments of dividends	-265
7.Payments of dividends to minority shareholders	-81
Net cash used in financing activities	1,582
IV Exchange gain/loss on cash and cash equivalents	0
V Net increase in cash and cash equivalents	-1,046
VI Cash and cash equivalents at beginning of period	12,764
VII Cash and cash equivalents at end of period	11,719

(3) Segment information

Information on the business segments

Third quarter aggregate period of the previous consolidated fiscal year
(October 1, 2007 – June 30, 2008)

(Million yen)

	Spot Business	Factory Business	Technology Business	Office Business	Other Businesses	Total	Elimination or company total	Consolidated
I. Net sales and operating income								
Net sales								
(1) Sales to external customers	27,615	13,183	18,581	10,040	5,050	74,469	—	74,469
(2) Inter-segment sales or transfers	233	6	291	54	33	616	(616)	—
Total	26,848	13,188	18,872	10,094	5,083	75,085	(616)	74,469
Operating expenses	26,748	12,988	18,385	9,641	5,289	73,052	248	73,300
Operating income	1,100	200	487	453	-207	2,033	(864)	1,169

Notes:

1. The company's business activities are divided as given below for the purpose of internal management.
2. Business segments
   (1) Spot Business: Short-term employee dispatching services, short-term contractual workers services
   (2) Factory Business: Staffing services for production line work, contracted-out services for production line work
   (3) Technology Business: Engineer dispatching services, human resources contracting of technical staff, data communication services
   (4) Office Business: Clerical manpower dispatching, clerical work contracting
   (5) Other Business: Restaurant and bar management, security services, advertising agency services, etc.

3. Of the operating expenses during the third quarter aggregate period of the current consolidated fiscal year, the amount of funds, which can not be allocated, included in the elimination or company total item is 1,002 million yen. It is mainly expenses associated with the administrative departments of the parent company's head office, such as Accounting.

Geographic segment information

Geographical segment information is not disclosed because we did not have consolidated subsidiaries or branches offices outside of Japan in the third quarter of the previous fiscal year.

Overseas sales

Overseas sales are not disclosed because we did not have overseas sales in the third quarter of the previous fiscal year.