

# FULLCAST HOLDINGS

Fiscal Year September 2009  
Earnings Announcement

November 13, 2009

# Agenda

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- ◆ Highlights of FY9/2009 Earnings  
(10/2008~9/2009)
- ◆ Management Rationalization Measures
- ◆ Validation of Effectiveness
- ◆ Business Results by Business Segment
- ◆ FY9/2010 Earnings Projections

## FY9/2009 Earnings Results

Unit: Million yen

	FY September 2008	FY September 2009	Comparison of changes
Net sales	98,989	<b>57,293</b>	-42.1%
Gross profit	24,429	<b>12,840</b>	-47.4%
Selling, General and Administrative Expenses	22,782	<b>13,522</b>	-40.6%
Operating income	1,647	<b>-682</b>	—
Operating income ratio	1.7%	<b>-1.2%</b>	—
Ordinary income	1,530	<b>-925</b>	—
Net income	-2,443	<b>-6,870</b>	—

Capital investment

710

**200**

\*All shares of Asia Pacific System Research Co., Ltd. were transferred in the first quarter of FY9/09, all shares of Info-P Co., Ltd. were transferred in the second quarter of FY9/09 and all shares of Fullcast Finance Co., Ltd., Fullcast Factory Co., Ltd. and Fullcast Central Co., Ltd. were transferred in the third quarter of the FY9/09, all shares of Net it works, Inc. were transferred in the fourth quarter of FY9/09.

**Change in consolidated net sales year on year,  
excluding the impact of the subsidiary transfer: declined by 30.8%**

## Quarterly Earnings Trends in FY9/2009

Unit: Million yen

	1st Quarter FY September 2009	2nd Quarter FY September 2009	3rd Quarter FY September 2009	<b>4th Quarter FY September 2009</b>
Net sales	19,456	15,308	12,107	<b>10,423</b>
Gross profit	4,561	3,369	2,521	<b>2,389</b>
Selling, General and Administrative Expenses	4,834	3,692	2,794	<b>2,202</b>
Operating income	-273	-323	-273	<b>187</b>
Operating income ratio	-1.4%	-2.1%	-2.3%	<b>1.8%</b>
Ordinary income	-282	-404	-367	<b>128</b>
Net income	-1,647	-1,135	-2,943	<b>-1,146</b>
Capital investment	97	150	33	<b>17</b>

# Changes in Our Balance Sheet for the FY September 2009

Unit: Million yen

		As of Sep.30 2008	As of Sep.30 2009	Increase and decrease	Comparison of changes	Key points in changes
<b>Current assets</b>		26,441	10,157	<b>-16,283</b>	-61.6%	Cash and deposits decreased by 4,963 million yen, Trade notes and accounts receivables decreased by 7,825 million yen, etc.
<b>Fixed assets</b>	<b>Tangible assets and Intangible assets</b>	6,092	727	<b>-5,365</b>	-88.1%	Goodwill decreased by 2,997 million yen, Software decreased by 624 million yen, Tangible assets decreased by 1,664 million yen, etc.
	<b>Investment and other assets</b>	4,165	2,187	<b>-1,978</b>	-47.5%	Guarantee deposits decreased by 941 million yen, etc.
<b>Total assets</b>		36,697	13,072	<b>-23,626</b>	-64.4%	
<b>Current liabilities</b>		19,723	8,432	<b>-11,291</b>	-57.2%	Notes and accounts payable-trade decreased by 1,197 million yen, Short-term borrowings decreased by 5,133 million yen, Accrued expenses payable decreased by 1,942 million yen, etc.
<b>Fixed liabilities</b>		6,005	2,915	<b>-3,090</b>	-51.5%	Long-term borrowings decreased by 2,837 million yen, etc.
<b>Total net assets</b>		10,969	1,724	<b>-9,245</b>	-84.3%	
<b>Liabilities and net assets</b>		36,697	13,072	<b>-23,626</b>	-64.4%	

## Consolidated Cash Flows

FY 9/2008

FY 9/2009

<b>Cash flows from operating activities</b>	<b>-1,621</b>	<b>1,401</b>
<b>Cash flows from investing activities</b>	<b>-867</b>	<b>1,573</b>
<b>Cash flows from financing activities</b>	<b>-399</b>	<b>-7,937</b>
<b>Cash and cash equivalents end of period</b>	<b>9,878</b>	<b>4,914</b>

## Details of Extraordinary income and Loss in the FY September 2009

Unit: Million yen

Gain on sales of subsidiaries and affiliates' stocks	625
Gain on sales of noncurrent assets	203
Other	383
<b>Extraordinary income</b>	<b>1,211</b>
<b>■ Business restructuring</b>	
Loss on closing of stores	650
Special retirement expenses	586
Other	404
<b>■ Financial restructuring</b>	
Impairment loss	1,101
Loss on sales of stocks of subsidiaries and affiliates	1,218
Loss on loan write-off	950
Loss on the transfer of receivables	950
<b>■ Other</b>	
Allowance for employment adjustment	469
Other	542
<b>Extraordinary loss</b>	<b>6,870</b>
<b>Extraordinary income / loss</b>	<b>-5,660</b>

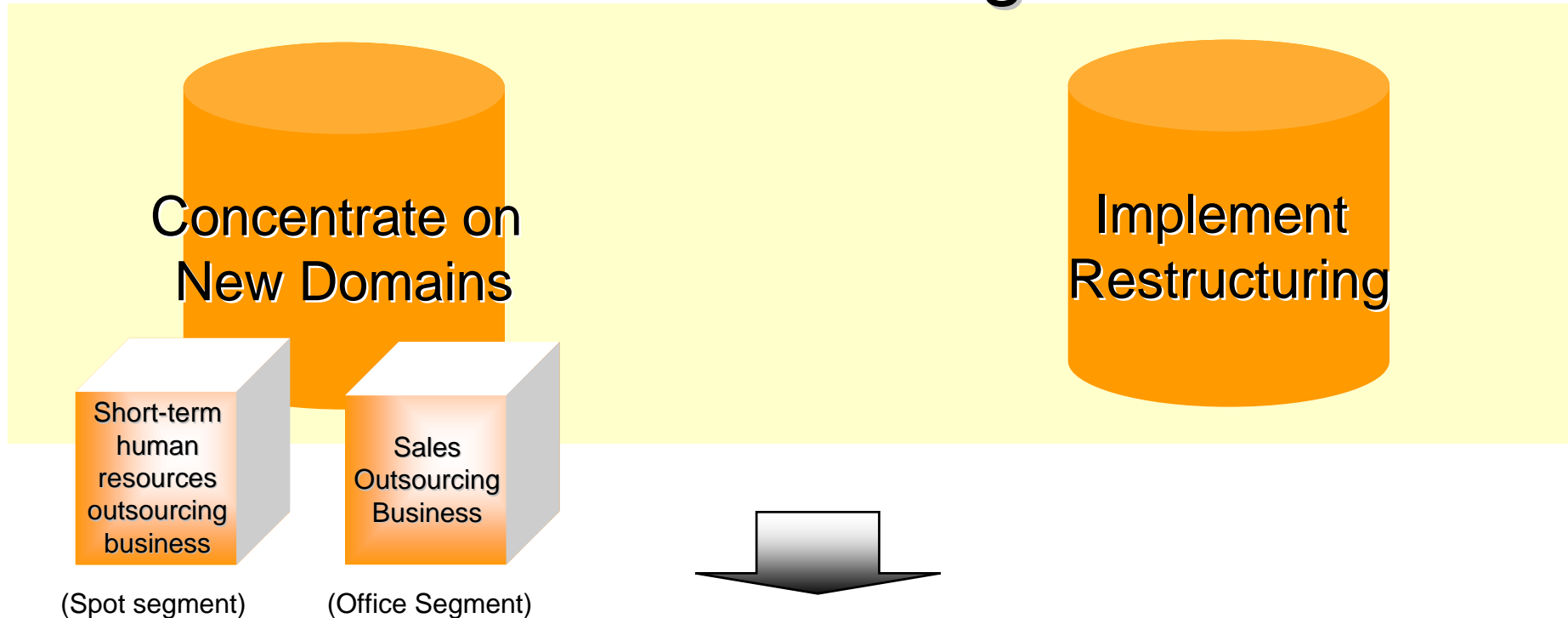
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# Management Rationalization Strategy Announced May 8, 2009

## Restructuring



### Established Strong Earnings Structure



# Business restructuring

## ◆ Downsizing of workforce

May 2009	Fullcast Co., Ltd. implements voluntary retirement program	276 Employees Reduced
Oct. 2009	Fullcast Technology Co., Ltd. implements voluntary retirement program	206 Employees Reduced

## ◆ Elimination and amalgamation of offices

Oct. 2008	Fullcast Co. Ltd. consolidates offices	43 Offices Reduced
May 2009	Fullcast Co. Ltd. consolidates offices	30 Offices Reduced
Sep. 2009	Fullcast Technology Co. Ltd. consolidates offices	3 Offices Reduced

## ◆ Headquarter Related

June 2009	Fullcast Advance headquarters relocated
July 2009	Fullcast Co., Ltd., Fullcast Holdings Co., Ltd. headquarters reduced
Sep. 2009	Fullcast Technology headquarters relocated

## ◆ Merger of Subsidiaries

Feb.2009	Casting Bank Co., Ltd. and Job Choice Tokai Co., Ltd. merged with Fullcast Co., Ltd.
May 2009	Oneday Job Style Co., Ltd. merged with Fullcast Co., Ltd.

# Financial restructuring

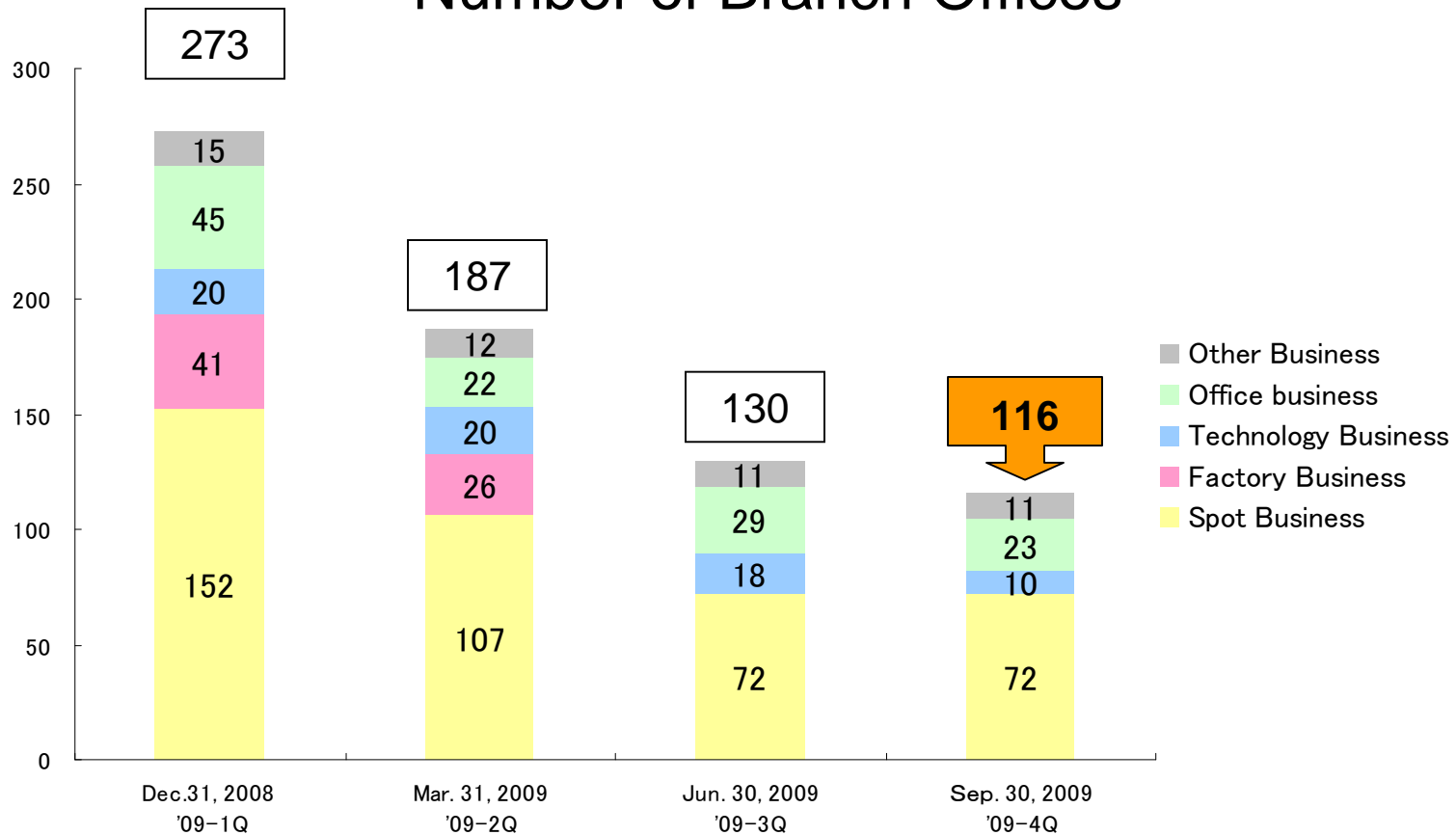
## ◆ Subsidiaries Sold

November 17, 2008	Asia Pacific System Research Co., Ltd.
March 16, 2009	Info-P Co., Ltd.
May 8, 2009	Fullcast Finance Co., Ltd.
June 1, 2009	Fullcast Factory Co., Ltd.
June 1, 2009	Fullcast Central Co., Ltd.
August 3, 2009	Net it works, Inc.

## ◆ Non-Core Business Assets Sold

August 3, 2009	Fullcast Building
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## -Number of Branch Offices-



- ◆ Consolidated personnel dispatch offices of Fullcast's office business during the second quarter
- ◆ Consolidated large offices in the spot business during the third quarter
- ◆ Subsidiary sold and offices consolidated in the technology business in the fourth quarter
- ◆ Due to the sale of subsidiary belonging to the factory business in June 2009, we have no offices in this Division.

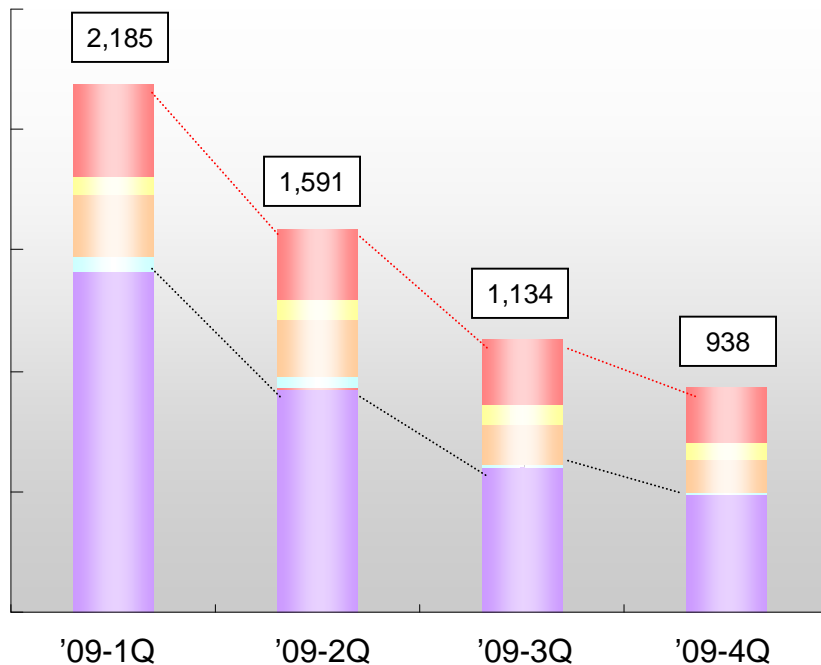
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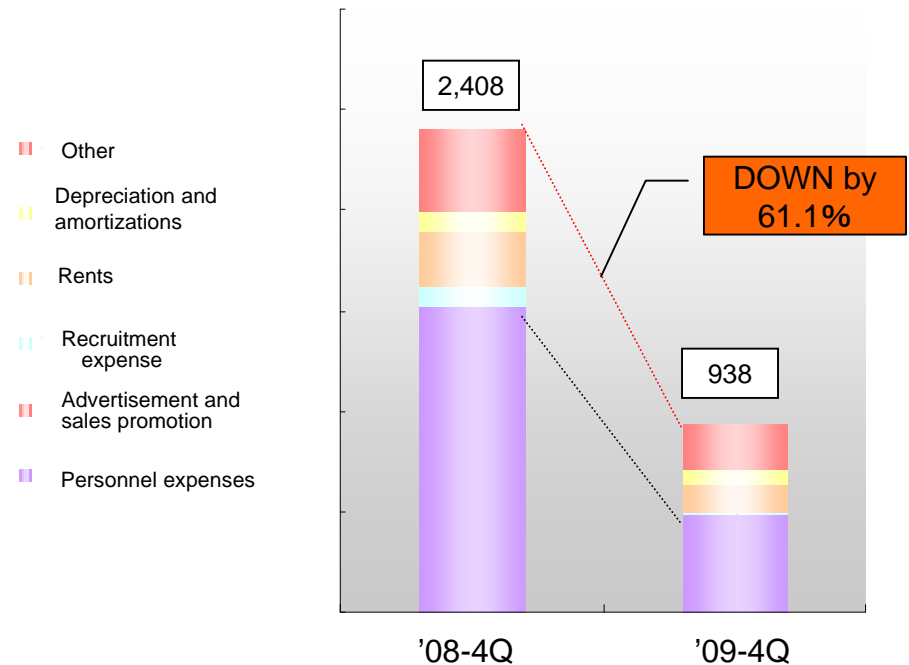
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# Validation of Effectiveness 1 - SG&A expenses (Spot Business)

Unit: Million yen

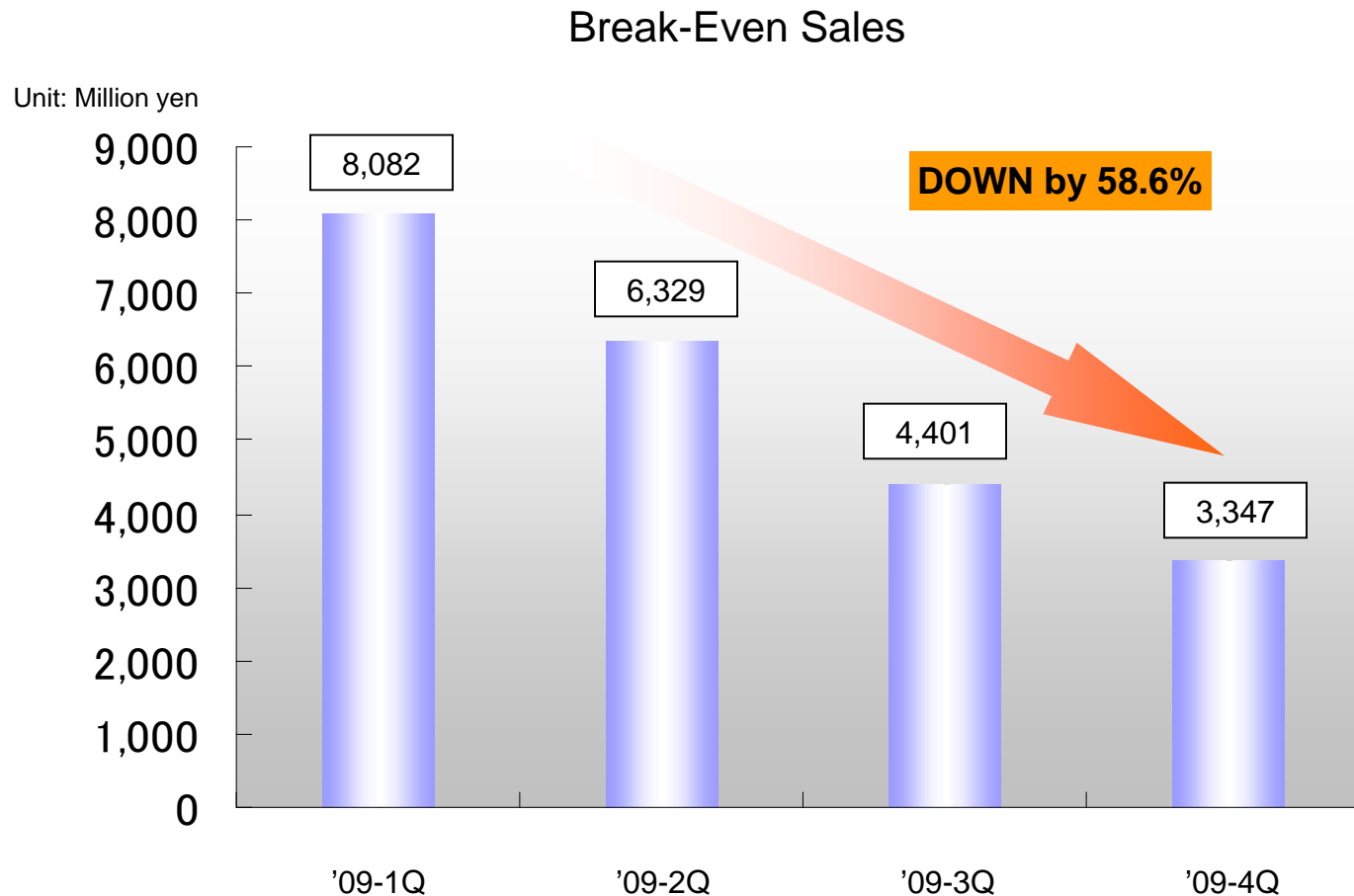


Unit: Million yen



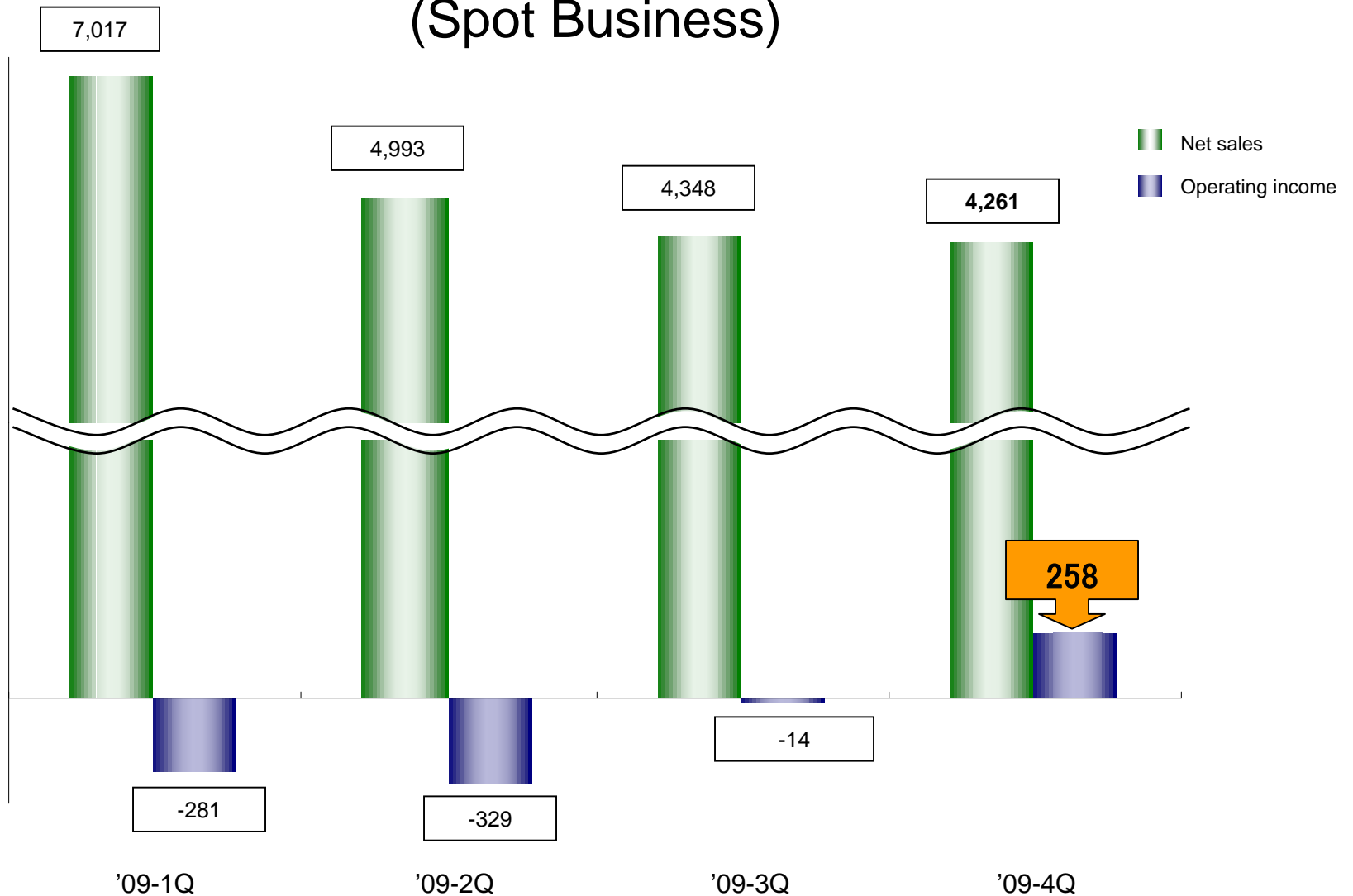
- ◆ Labor costs fell by large margin due to stoppage of part time, contracted worker hirings, and voluntary retirement program
- ◆ Reductions in rent due to office consolidation
- ◆ Combined with our other cost cutting efforts SG&A expenses fell by 61.1% yoy

# Validation of Effectiveness 2 -Break-Even Sales Trend- (Spot Business)



# Validation of Effectiveness 3 -Sales and Profits- (Spot Business)

Unit: Million yen

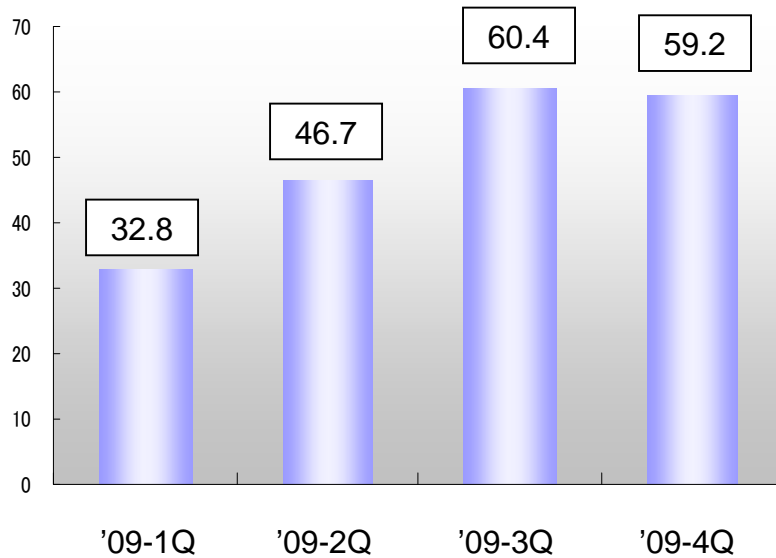


# Validation of Effectiveness 4

## -Effectiveness Upon Sales Analysis- (Spot Business)

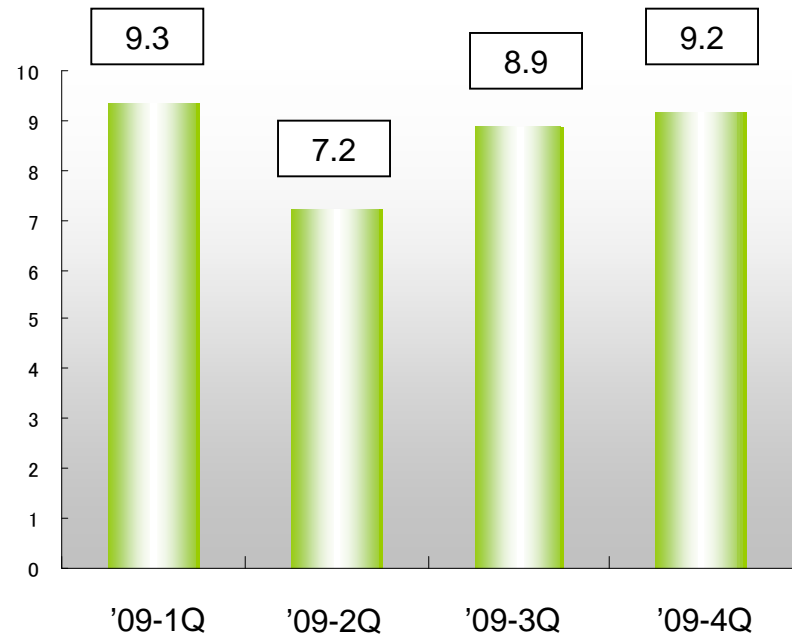
Sales Per Office Comparison

Unit: Million yen



Sales Per Employee Comparison

Unit: Million yen





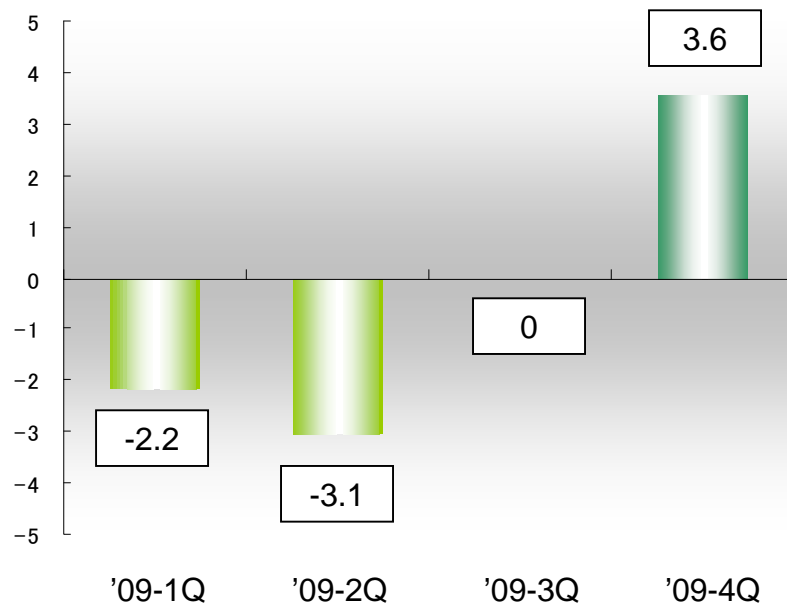
# Validation of Effectiveness 5

## -Effectiveness Upon Profits Analysis- (Spot Business)

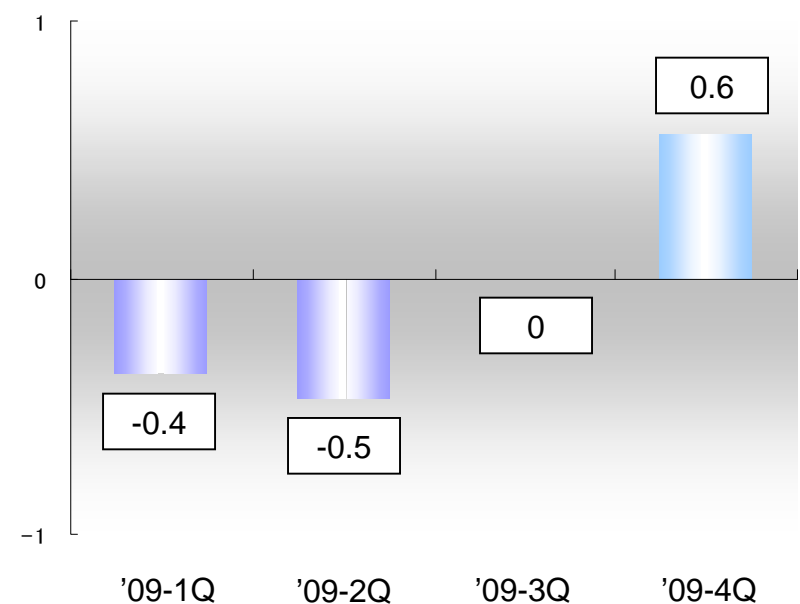
Operating Profit Per Office Comparison

Operating Profit Per Employee Comparison

Unit: Million yen



Unit: Million yen



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# Spot Business: Earnings Comparison

Unit: Million yen

	FY September 2008	<b>FY September 2009</b>	Comparison of changes
Net sales	37,067	<b>20,619</b>	-44.4%
Operating income	1,538	<b>-365</b>	—
Operating income ratio	4.1%	<b>-1.8%</b>	—

	4th Quarter FY September 2008	<b>4th Quarter FY September 2009</b>	Comparison of changes
Net sales	9,452	<b>4,261</b>	-54.9%
Operating income	438	<b>258</b>	-41.2%
Operating income ratio	4.6%	<b>6.1%</b>	—

- ◆ Due to effective marketing activities the sales decline bottomed in the fourth quarter (Third quarter sales were ¥4,348 million)
- ◆ Full year losses were reduced by profits realized in the fourth quarter due to reductions in personnel arising from a voluntary retirement program, and in sales, general and administrative costs arising from consolidation of offices at Fullcast from May 2009

# Office Business: Earnings Comparison

Unit: Million yen

	FY September 2008	<b>FY September 2009</b>	Comparison of changes
Net sales	12,770	<b>11,245</b>	-11.9%
Operating income	315	<b>-44</b>	—
Operating income ratio	2.5%	<b>-0.4%</b>	—

	4th Quarter FY September 2008	<b>4th Quarter FY September 2009</b>	Comparison of changes
Net sales	2,731	<b>3,132</b>	14.7%
Operating income	-139	<b>-40</b>	—
Operating income ratio	-5.1%	<b>-1.3%</b>	—

- ◆ Orders trended strongly in our sales outsourcing business due to the expansion of sales channels into communications equipment and other areas
- ◆ Sales in our office worker human resources dispatch business fell due to weak demand from long term office applications. Efforts to restrain sales, general and administrative costs were unable to offset lower gross profits and we incurred an operating loss.

# Factory Business: Earnings Comparison

Unit: Million yen

	FY September 2008	<b>FY September 2009</b>	Comparison of changes
Net sales	17,306	<b>6,662</b>	-61.5%
Operating income	167	<b>-399</b>	-
Operating income ratio	1.0%	<b>-6.0%</b>	-

	4th Quarter FY September 2008	<b>4th Quarter FY September 2009</b>	Comparison of changes
Net sales	4,124	-	-
Operating income	-33	-	-
Operating income ratio	-0.8%	-	-

- ◆ Sales fell due to a continuation of the weak demand for workers seen in the manufacturing industry during the first half
- ◆ We sold all shares of Fullcast Factory Co., Ltd. and Fullcast Central Co., Ltd. in June 2009 and removed both companies from the scope of our consolidation effective from June 1.

# Technology Business: Earnings Comparison

Unit: Million yen

	FY September 2008	<b>FY September 2009</b>	Comparison of changes
Net sales	24,931	<b>14,074</b>	-43.6%
Operating income	911	<b>685</b>	-24.9%
Operating income ratio	3.7%	<b>4.9%</b>	—

	4th Quarter FY September 2008	<b>4th Quarter FY September 2009</b>	Comparison of changes
Net sales	6,350	<b>2,459</b>	-61.3%
Operating income	425	<b>39</b>	-90.8%
Operating income ratio	6.7%	<b>1.6%</b>	—

- ◆ Sales declined due to sale of subsidiary
- ◆ The number of manufacturing companies, the main customers of our technician dispatch division, that reduced production to adjust in ventories by large margins, restrained capital investments, and reduced their workforces increased
- ◆ While sales in our technician dispatch division declined, efforts to restrain sales, general and administrative costs allowed us to see higher profits than in the previous year

**Removing the impact from the sale our our subsidiary, sales fell by 15.2% year-over-year**

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# Business Segment Changes

As of Oct 1, 2009

	Company Name	Outline
-	Fullcast Holdings Co., Ltd.	Determine optimization strategies for the Group, perform supervisory functions for business operations, and handle challenges.
Short term business support business	Fullcast Co., Ltd.	Short term human resources services in the logistics, warehousing applications
	Fullcast Advance Co., Ltd.	Human resources services in sales promotion function and other areas
	Top Spot Co., Ltd.	Community-based brand: short-term human resource services focused in a specific area.
Sales support business	Fullcast Marketing Co., Ltd.	Outsourcing services in the sales support division
	Marketing Square Co., Ltd.	
	Telecom Marketing Co., Ltd.	
Technician dispatch business	Fullcast Technology Co., Ltd.	Design and development/subcontracted system development/system consulting services.
Security, other business	Fullcast Advance Co., Ltd.	Human resources services in security applications
-	Fullcast Business Support Co., Ltd.	Centralize and perform various tasks of our Group



# Earnings Projections, Other Targets for FY September 2010

Unit: Million yen

	First half for FY2010	2nd half for FY2010	Full year for FY 2009
Net sales	17,642	16,138	<b>33,780</b>
Short term business support business	9,512	6,742	<b>16,254</b>
Sales support business	4,770	6,071	<b>10,841</b>
Technician dispatch business	2,222	2,128	<b>4,350</b>
Security, other business	1,139	1,196	<b>2,335</b>
Operating income	551	1,226	<b>1,777</b>
Ordinary income	469	1,195	<b>1,664</b>
Net income	-255	1,037	<b>782</b>
Net income per share	-662.57	2,694.46	<b>2,031.89</b>

Note: The above plan is our Company's projections at the present time, and our actual results may deviate from this plan.

# Strategies by Business Segment

## -Short term business support business-

### **◆ Short Term Market and Share Expansion**

#### **Approach for Each Target Client**

##### **1. Existing clients with need for large number of personnel => Our in store share expansion leads to market share expansion**

[Measures] Propose comprehensive solutions in business support services to resolve short term issues

##### **2. Clients with need for small numbers of personnel => Expansion in number of transacting clients leads to market share expansion**

[Measures] Increase contact with clients by establishing more detailed marketing activity plan

**Acquire Overwhelming Market Share to Take Initiative  
When Changing Business Formats**

# Strategies by Business Segment

## -Sales support business-

### **◆Specialize in Sales Outsourcing Primarily in Communications Equipment**

- ◇ Implemented a large organizational restructuring during the fourth quarter of FY9/2009 at Fullcast Marketing Co., Ltd., which performs sales outsourcing business
- ◇ Liquidated dispatch division whose earnings remained weak (Closed 11 offices)
- ◇ Downsizing our non-core media business

#### **Fortifying our distributor sales division**

- Focus efforts upon expanding distributor network for E Mobile for which we are primary distributors

#### **Strengthening our call center sales**

- Strengthening direct sales as a specialized “outbound call center” in the communications line product area (Hokkaido: 6 offices, Fukuoka: 2 offices)

#### **Joint Venture Company Established**

- Focus upon high gross profit margin business of communications products through Telecom Marketing Co., Ltd., a joint venture company established with HIKARI TSUSHIN, inc. in June 2009

# FULLCAST HLDGS.



## THE BANK OF NEW YORK MELLON

ADR (American Depositary Receipts) information

**Ratio (ADR:ORD) : 100:1**

**Exchange : OTC(Over-the-Counter)**

**Symbol : FULCY**

**CUSIP : 35968P100**

**Depository : The Bank of New York Mellon**

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