



Consolidated Financial Results Announcement for the Second Quarter of the Term Ending September 2010

May 7, 2010

Company name: **Fullcast Holdings Co., Ltd.**
 Stock exchange listing: First Section of the Tokyo Stock Exchange
 Stock code: 4848
 Representative: Hiroyuki Tokiwa, Director and President
 Contact: Jo Okada, CFO
 Scheduled day for quarterly report submission: May 14, 2010
 Scheduled day for commencement of dividend payments: -

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(Figures are rounded to the nearest million yen.)

1. Consolidated Financial Results for the Second Quarter of the Fiscal Year Ending September 30, 2010 (October 1, 2009 – March 31, 2010)

(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 | % |
| 2Q-FY9/10 | 18,035 | -48.1 | 414 | - | 362 | - | -216 | - |
| 2Q-FY9/09 | 34,764 | - | -596 | - | -686 | - | -2,782 | - |

| | Net income per share | Diluted net income per share |
|-----------|----------------------|------------------------------|
| | Yen | Yen |
| 2Q-FY9/10 | -562.17 | - |
| 2Q-FY9/09 | -10,502.90 | - |

(2) Consolidated financial conditions

| | Total assets | Net assets | Shareholders' equity ratio | Shareholders' equity per share |
|-----------|--------------|-------------|----------------------------|--------------------------------|
| | Million yen | Million yen | % | Yen |
| 2Q-FY9/10 | 11,247 | 1,621 | 9.5 | 2,773.50 |
| FY9/09 | 13,072 | 1,724 | 9.9 | 3,357.40 |

(Reference) Shareholders' equity: 2Q-FY9/10: 1,067 million yen FY9/09: 1,292 million yen

2. Dividends

| (Base date) | Dividend per share | | | | |
|-------------------|--------------------|-----------|-----------|-----------|--------|
| | End of Q1 | End of Q2 | End of Q3 | End of FY | Annual |
| FY9/09 | - | 0.00 | - | 0.00 | 0.00 |
| FY9/10 | - | 0.00 | - | - | - |
| FY9/10 (forecast) | - | - | - | 0.00 | 0.00 |

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

3. Forecast for Consolidated Financial Results for the Year Ending September 30, 2010

(October 1, 2009 – September 30, 2010) (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 | 36,971 | -35.5 | 1,223 | - | 1,139 | - | 194 | - | 504.07 |

(Note) Revision of the consolidated forecast in the second 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: 2 companies (company name: East Communication Inc., EKO-SYSTEM Inc.)
 Eliminated: – N/A
 (Note) For more details, please see Page 6, “4. Other”
- (2) Application of simplified accounting policies and accounting treatment specific to the production of quarter consolidated financial statements Yes
 (Note) For more details, please see Page 6, “4. Other”
- (3) Changes in accounting principles and procedures and the presentation method, etc. of quarterly 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.: No
 2) Change other than 1) above.: Yes
 (Note) For more details, please see Page 6, “4. Other”
- (4) Number of shares issued (common stock)
- 1) Number of shares issued at the end of the term (including treasury stock) (shares)
 First half ended March 2010: 395,964 Fiscal year ended September 2009: 395,964
- 2) Number of treasury stock at the end of the term (shares)
 First half ended March 2010: 11,100 Fiscal year ended September 2009: 11,100
- 3) Average number of shares outstanding during the term (quarter consolidated aggregated period)
 First half ended March 2010: 384,864 First half ended March 2009: 264,864

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

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, please bear in mind that notwithstanding new data, future events or any other results whatsoever, we will not always reexamine our outlooks.

For the assumptions underlying business forecasts and related issues, please see Page 6, "3. Qualitative Data on Consolidated Business Forecast" of "Qualitative Data, Financial Statements and Other Information.

Qualitative information and financial statement

1. Qualitative Data on Consolidated Financial Results

The qualitative data on consolidated financial results explains the financial results for the three months from January 1, 2010 to March 31, 2010. For qualitative data on consolidated financial results for the first quarter of the fiscal year ending September 2010, please refer to the Brief Announcement of Consolidated Financial Results for the First Quarter of the Term Ending September 2009 (disclosed on February 8, 2009).

In the second quarter of the fiscal year ending September 30, 2010, the Japanese economy saw signs of a recovery in the factory sector, including manufacturing industries, with a gradual rise in exports on the back of an improved overseas economy and Japanese government's emergency economic stimulus package. Consumer spending has continued to improve. However, the overall unemployment rate remained high despite a decreasing number of totally unemployed and the end of declines in the ratio of job offers to applicants. As a consequence, the environment surrounding the human resources service business remained harsh.

In these circumstances, based on the Three-Year Plan announced on May 8, 2009, the Group has sought to move into the black in the second year of the Plan by focusing on the short-term operational support business. At the same time, two companies engaged in the call center business were turned into subsidiaries to expand the sales support business, which provides commissioned sales support for communications equipment.

Consolidated net sales stood at 8,848 million yen (a year-on-year decrease of 42.2%). This result reflected the transfer of shares in subsidiaries (Note 1) in the preceding consolidated fiscal year as well as falls in sales from a year ago in the short-term operational support business, technician dispatch business, and security and other business due to sluggish demand for workers. However, revenue in the sales support business was higher, thanks to the effects of turning the two companies into its subsidiaries.

Looking at profits, as operating income was secured in all business segments except the sales support business, consolidated operating income stood at 136 million yen (compared with an operating loss of 323 million yen in the same period last year). Consolidated ordinary income stood at 108 million yen (compared with an ordinary loss of 404 million yen in the same period last year).

The quarterly consolidated net income was 180 million yen (compared with a net loss of 1,135 million yen in the same period last year). This was mainly attributable to a gain on the sales of share in subsidiaries and affiliates of 114 million yen, which was recorded as extraordinary income.

(Note) Subsidiaries that were excluded from the scope of consolidation through a transfer of shares in the preceding fiscal year were Asia Pacific System Research Co., Ltd. and its three consolidated subsidiaries, Info-P Co., Ltd., Fullcast Finance Co., Ltd., Fullcast Factory Co., Ltd., Fullcast Central Co., Ltd., and Net It Works, Inc. Leaving out the influence of the subsidiaries excluded from the scope of consolidation in the preceding fiscal year, consolidated net sales were down 8.9% year on year.

Financial results by business segment are as follows. Figures for the previous fiscal year reflect segment information in accordance with new business segments*.

[Short Term Operational Business]

As in the first quarter, sales activities were based on the strategies of increasing the number of dispatched workers per customer and expanding contacts with customers to increase orders. Given the severe economic conditions, however, sales in the short-term operational support business declined 10.1% year on year, to 5,316 million yen, a reflection of lower unit prices.

The Group was able to achieve a profit, thanks to the effects of restructuring through reductions in the size of the workforce and the consolidation and closing of offices, especially in Fullcast Co., Ltd. in the previous fiscal year. Operating income was 276 million yen (compared with an operating loss of 329 million yen in the same period last year).

(Note) Starting the first quarter under review, new business segments are applied. The clerical employee dispatching services that were included in the office business in the fiscal year ended September 2009 are included in the short term operational support business. Without the effects of the transfer of subsidiaries, sales fell 8.5% year on year, and the operating loss was 327 million yen in the same quarter of the previous fiscal year.

[Sales Support Business]

Although Fullcast Marketing Co., Ltd. and Marketing Square Co., Ltd. saw sales down from the previous year, because of sluggish demand in their mainstay businesses, sales in the sales support business increased 29.0% year on year, to 1,949 million yen. This reflected the results achieved by Telecom Marketing Corp., which was established in April 2009, as well as the inclusion of East Communication Inc. and EKO-SYSTEM Inc. as subsidiaries.

An operating loss of 103 million yen was recorded (compared with operating income of 15 million yen in the same period last year) since the sales decline attributable to the sluggish sale of the mainstay could not be offset.

(Note) Starting the first quarter under review, new business segments are applied. The clerical employee dispatching services that were included in the office business in the fiscal year ended September 2009 are included in the short term operational support business. There is no impact from the sale of our subsidiary.

[Technician Dispatch Business]

As the business scale was reviewed through the restructuring at Fullcast Technology Co., Ltd., the number of dispatched technicians decreased on a year-on-year basis. As a result, sales in the technician dispatch business were down 73.4% year on year, to 1,066 million yen.

Owing to the effects of the restructuring, mainly with the reduction in the size of workforce and cuts in rents through the consolidation of company housing made in the preceding consolidated fiscal year, profitability was secured despite the significant year-on-year sales decrease. Operating income plunged 85.8% from the year-ago period, to 54 million yen.

(Note) The figures in this segment have not been influenced by the change in business segments that take effect in the first quarter under review. Without the effects of the transfer of subsidiaries, sales fell 39.3% year on year, and operating income fell 83.1%.

[Security, Other Business]

Sales in the security and other business were down 69.0% year on year, to 517 million yen.

Meanwhile, operating income surged 119.2% from the previous year, to 16 million yen, attributable to the reduction in selling, general and administrative expenses achieved by streamlining the operations.

(Note) The figures in this segment have not been influenced by the change in business segments that takes effect in the first quarter under review. Without the effects of the transfer of subsidiaries, sales fell 18.4% year on year, and the operating loss was 19 million yen in the same quarter of the previous fiscal year.

2. Qualitative Data on Consolidated Financial Position

[Assets, Liabilities and Shareholders' Equity]

Total consolidated assets at the end of the first half declined by 1,825 million yen from the end of the preceding consolidated fiscal year, to 11,247 million yen. Shareholder's equity dropped by 225 million yen, to 1,067 million yen (shareholder's equity ratio: 9.5%), and net assets fell by 103 million yen, to 1,621 million yen.

The Company made a capital reduction to compensate for the deficits on January 31, 2010, based on a resolution of the Annual General Meeting of Shareholders held on December 22, 2009, which decreased capital stock and capital surplus by 961 million yen and 1,169 million yen, respectively, while retained earnings increased by 2,130 million yen. As a result, capital stock and capital surplus at the end of the first half of the consolidated fiscal year under review became 2,780 million yen and 2,013 million yen, respectively.

Major changes in assets and liabilities are as follows:

In terms of assets, current assets fell by 692 million yen from the end of the previous fiscal year to 9,465 million yen. The decline is due primarily to cash and deposits, which was down by 617 million yen, to 4,297 million yen through the scheduled repayment of long-term debt etc. Fixed assets fell 1,133 million yen from the end of the previous fiscal year, to 1,782 million yen. The main reasons for this were a decrease in deposits paid of 194 million yen, to 844 million yen, and a fall in "other" in investments and other assets by 927 million yen, to 341 million yen, through a loss on the revaluation of investment securities, a decrease in insurance funds, and other factors.

In terms of liabilities, current liabilities were down 771 million yen from the end of the previous fiscal year, to 7,662 million yen. This result reflects a reduction in accounts payable-other of 565 million yen, to 1,273 million yen, among other factors. Noncurrent liabilities were down 951 million yen from the end of the previous fiscal year, to 1,964 million yen, primarily because of a decrease in long-term debt of 993 million yen as a result of the scheduled repayment, to 1,407 million yen.

[Cash Flows]

As of the end of the second quarter under review, cash and cash equivalents (hereinafter "cash") decreased by 30 million yen compared with that of the end of the first quarter consolidated accounting period, to 4,197 million yen (fell 313 million yen a year ago).

[Cash flows from operating activities]

Cash generated in operating activities was 468 million yen (613 million yen was generated a year ago), mainly reflecting a quarterly net income before income taxes and minority interests of 187 million yen, an increase in the provision for bonuses of 131 million yen, income tax refund of 334 million yen, a gain on sales of shares in subsidiaries and affiliates of 114 million yen, and a decrease in accrued expenses of 94 million yen.

[Cash flows from investment activities]

Cash generated in investment activities was 72 million yen (219 million yen was generated a year ago), primarily attributable to payments for loans of 530 million yen, an increase in collected loans of 419 million yen, and an increase in sales of investments in subsidiaries of 150 million yen.

[Cash flows from financing activities]

Cash used in financing activities was 569 million yen (1,146 million yen was used a year ago), mainly due to the repayment of long-term debt of 530 million yen.

3. Qualitative Data on Consolidated Business Forecast

The business forecast for the consolidated fiscal year ending September 30, 2010 was revised, in view of the unique events of the Group and the outlook of the current economic environment among other things, to net sales of 36,971 million yen, operating income of 1,223 million yen, ordinary income of 1,139 million yen, and net income of 194 million yen.

For more details, please see “Notice of Revisions to Full-Year Business Forecasts for the Fiscal Year Ending September 2010” 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)

As the Company’s consolidated subsidiary, Fullcast Marketing Co., Ltd. acquired shares in East Communication Inc. and EKO-SYSTEM Inc. to make them its subsidiaries in the second quarter of the consolidated fiscal year under review, these companies were included in 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 method etc. of accounting procedures for quarterly consolidated financial statements

(Adoption of Accounting Standard for Quarterly Financial Reporting etc.)

First half of the consolidated fiscal year

Since the amount of “Reversal of accounts payable” included in “Other” of “Non-operating income” for the first half of the previous consolidated fiscal year has exceeded twenty-hundredths of non-operating income, it is presented as a separate item for the consolidated first half under review.

The amount of “Reversal of accounts payable” included in “Other” of “Non-operating income” for the first half of the previous consolidated fiscal year was 28 million yen.

Second quarter of the consolidated fiscal year

Since the amount of “Reversal of accounts payable” included in “Other” of “Non-operating income” for the second quarter of the previous consolidated fiscal year has exceeded twenty-hundredths of non-operating income, it is presented as a separate item for the consolidated second quarter under review.

The amount of “Reversal of accounts payable” included in “Other” of “Non-operating income” for the second quarter of the previous consolidated fiscal year was 15 million yen.

Quarterly consolidated cash flows statement

Since the amount of “Decrease (increase) in accounts receivable-other” included in “Other” of cash flows from operating activities for the first half of the previous consolidated fiscal year has become significant, it is presented as a separate item for the first half under review.

“Decrease (increase) in accounts receivable-other” included in “Other” of cash flows from operating activities for the first half of the previous consolidated fiscal year was an increase of 7 million yen.

Since the amounts of “Proceeds from collection of loans” and “Payments for loans” included in “Other” of cash flows from investment activities for the first half of the previous consolidated fiscal year have become significant, they are presented as separate items for the first half under review.

“Proceeds from collection of loans” and “Payments for loans” included in “Other” of cash flows from investment activities for the first half of the previous consolidated fiscal year were 4 million yen and -2 million yen, respectively.

5. Consolidated Financial Statements**(1) Consolidated Balance Sheet**

(Million yen)

| | End of consolidated accounting period for the current second quarter under review (March 31, 2010) | Condensed consolidated balance sheets at the end of the previous fiscal year (September 30, 2009) |
|-------------------------------------|--|--|
| ASSETS | | |
| Current assets | | |
| Cash and deposits | 4,297 | 4,914 |
| Notes and accounts receivable-trade | 4,540 | 4,041 |
| Merchandise | 86 | 134 |
| Work in process | 3 | 1 |
| Supplies | 20 | 39 |
| Other | 563 | 1,090 |
| Allowance for doubtful accounts | -44 | -62 |
| Total current assets | 9,465 | 10,157 |
| Noncurrent assets | | |
| Property, plant and equipment | | |
| Buildings and structures, net | 111 | 116 |
| Tools, furniture and fixtures, net | 200 | 147 |
| Other, net | 0 | 1 |
| Total property, plant and equipment | 312 | 263 |
| Intangible assets | | |
| Goodwill | 43 | 39 |
| Other | 310 | 425 |
| Total intangible assets | 353 | 464 |
| Investments and other assets | | |
| Guarantee deposits | 844 | 1,038 |
| Other | 341 | 1,268 |
| Allowance for doubtful accounts | -69 | -119 |
| Total investments and other assets | 1,117 | 2,187 |
| Total noncurrent assets | 1,782 | 2,914 |
| Total assets | 11,247 | 13,072 |

| | (Million yen) | |
|---|--|--|
| | End of consolidated accounting period for the current second quarter under review (March 31, 2010) | Condensed consolidated balance sheets at the end of the previous fiscal year (September 30, 2009) |
| LIABILITIES | | |
| Current liabilities | | |
| Notes and accounts payable-trade | 134 | 210 |
| Short-term loans payable | 3,011 | 3,011 |
| Current portion of long-term loans payable | 1,995 | 2,012 |
| Accounts payable-other | 1,273 | 1,837 |
| Accrued expenses | 737 | 706 |
| Income taxes payable | 63 | 100 |
| Provision for bonuses | 270 | 290 |
| Allowance for cancellation adjustments | 1 | 91 |
| Other | 177 | 175 |
| Total current liabilities | 7,662 | 8,432 |
| Noncurrent liabilities | | |
| Long-term loans payable | 1,407 | 2,400 |
| Provision for retirement benefits | 518 | 495 |
| Other | 39 | 20 |
| Total noncurrent liabilities | 1,964 | 2,915 |
| Total liabilities | 9,626 | 11,347 |
| NET ASSETS | | |
| Shareholders' equity | | |
| Capital stock | 2,780 | 3,741 |
| Capital surplus | 2,013 | 3,183 |
| Retained earnings | -979 | -2,893 |
| Treasury stock | -2,747 | -2,747 |
| Total shareholders' equity | 1,068 | 1,284 |
| Valuation and translation adjustments | | |
| Valuation difference on available-for-sale securities | -1 | 8 |
| Total valuation and translation adjustments | -1 | 8 |
| Minority interests | 553 | 432 |
| Total net assets | 1,621 | 1,724 |
| Total liabilities and net assets | 11,247 | 13,072 |

(2) Consolidated Profit and Loss Statement**[Second Quarter Aggregate Period of the Current Consolidated Fiscal Year Under Review]**

(Million yen)

| | Second quarter aggregate period of the previous consolidated fiscal year (From October 1, 2008 To March 31, 2009) | Second quarter aggregate period of the current consolidated fiscal year (From October 1, 2009 To March 31, 2010) |
|--|---|--|
| Net sales | 34,764 | 18,035 |
| Cost of sales | 26,834 | 13,775 |
| Gross profit | 7,930 | 4,260 |
| Selling, general and administrative expenses | 8,526 | 3,846 |
| Operating income (loss) | -596 | 414 |
| Non-operating income | | |
| Real estate rent | 122 | — |
| Dividends income | 45 | 3 |
| Reversal of accounts payable | — | 21 |
| Other | 123 | 51 |
| Total non-operating income | 289 | 75 |
| Non-operating expenses | | |
| Interest expenses | 116 | 59 |
| Rent cost of real estate | 118 | — |
| Equity in losses of affiliates | 34 | 13 |
| Other | 111 | 54 |
| Total non-operating expenses | 379 | 127 |
| Ordinary income (loss) | -686 | 362 |
| Extraordinary income | | |
| Reversal of allowance for doubtful accounts | 26 | 23 |
| Gain on transfer of business | 2 | — |
| Government subsidy received | 22 | 118 |
| Surrender value of insurance | — | 12 |
| Gain on sales of subsidiaries and affiliates' stocks | — | 114 |
| Gain on sales of investment securities | — | 7 |
| Other | 0 | 0 |
| Total extraordinary income | 50 | 274 |
| Extraordinary loss | | |
| Loss on sales of stocks of subsidiaries and affiliates | 924 | — |
| Loss on sales of investment securities | 13 | — |
| Loss on valuation of investment securities | 55 | 543 |
| Loss on sales of noncurrent assets | 85 | 2 |
| Loss on retirement of noncurrent assets | 31 | 7 |
| Loss on insurance cancellation | 66 | 3 |
| Loss on closing of stores | 385 | 30 |
| Special retirement expenses | 101 | 45 |
| Allowance for employment adjustment | 39 | 135 |
| Impairment loss | 85 | — |
| Litigation expenses | — | 30 |
| Cancellation loss of dormitory | — | 13 |
| Total extraordinary losses | 1,783 | 806 |
| Loss before income taxes and minority interests | -2,420 | -170 |
| Income taxes-current | 169 | 46 |
| Income taxes-deferred | 140 | 24 |
| Total income taxes | 309 | 70 |
| Minority interests in income (loss) | 53 | -24 |
| Net loss | -2,782 | -216 |

[Second Quarter Accounting Period of the Current Consolidated Fiscal Year Under Review]

(Million yen)

| | Second quarter accounting period of the previous consolidated fiscal year (From January 1, 2009 To March 31, 2009) | Second quarter accounting period of the current consolidated fiscal year (From January 1, 2010 To March 31, 2010) |
|--|--|---|
| Net sales | 15,308 | 8,848 |
| Cost of sales | 11,939 | 6,738 |
| Gross profit | 3,369 | 2,110 |
| Selling, general and administrative expenses | 3,692 | 1,974 |
| Operating income (loss) | -323 | 136 |
| Non-operating income | | |
| Real estate rent | 57 | — |
| Dividends income | 0 | — |
| Reversal of accounts payable | — | 16 |
| Other | 45 | 18 |
| Total non-operating income | 102 | 34 |
| Non-operating expenses | | |
| Interest expenses | 54 | 28 |
| Rent cost of real estate | 62 | — |
| Equity in losses of affiliates | 16 | 4 |
| Other | 52 | 28 |
| Total non-operating expenses | 184 | 61 |
| Ordinary income (loss) | -404 | 108 |
| Extraordinary income | | |
| Reversal of allowance for doubtful accounts | 13 | 4 |
| Gain on transfer of business | 2 | — |
| Government subsidy received | 22 | 68 |
| Surrender value of insurance | — | — |
| Gain on sales of subsidiaries and affiliates' stocks | — | 114 |
| Gain on sales of investment securities | — | 7 |
| Other | 0 | 0 |
| Total extraordinary income | 36 | 194 |
| Extraordinary loss | | |
| Loss on sales of stocks of subsidiaries and affiliates | 87 | — |
| Loss on sales of investment securities | 13 | — |
| Loss on valuation of investment securities | 2 | — |
| Loss on sales of noncurrent assets | 85 | 2 |
| Loss on retirement of noncurrent assets | 25 | 4 |
| Loss on insurance cancellation | 6 | 3 |
| Loss on closing of stores | 145 | 30 |
| Special retirement expenses | 101 | — |
| Allowance for employment adjustment | 39 | 64 |
| Impairment loss | 85 | — |
| Cancellation loss of dormitory | — | 13 |
| Total extraordinary losses | 586 | 115 |
| Income (loss) before income taxes and minority interests | -954 | 187 |
| Income taxes-current | -7 | 25 |
| Income taxes-deferred | 157 | 3 |
| Total income taxes | 150 | 29 |
| Minority interests in income (loss) | 31 | -22 |
| Net income (loss) | -1,135 | 180 |

(3) Consolidated Cash Flows Statement

(Million yen)

| | Second quarter aggregate period of the previous consolidated fiscal year (From October 1, 2008 To March 31, 2009) | Second quarter aggregate period of the current consolidated fiscal year (From October 1, 2009 To March 31, 2010) |
|--|---|--|
| Net cash provided by (used in) operating activities | | |
| Loss before income taxes and minority interests | -2,420 | -170 |
| Depreciation and amortization | 295 | 174 |
| Amortization of goodwill | 112 | 10 |
| Loss (gain) on valuation of investment securities | 55 | 543 |
| Loss (gain) on sales of stocks of subsidiaries and affiliates | 924 | -114 |
| Loss (gain) on sales of investment securities | 13 | -7 |
| Loss (gain) on sales of noncurrent assets | 85 | 2 |
| Loss on retirement of noncurrent assets | 31 | 7 |
| Loss (gain) on transfer of business | -2 | — |
| Impairment loss | 85 | — |
| Equity in (earnings) losses of affiliates | 34 | 13 |
| Increase (decrease) in allowance for doubtful accounts | 94 | -71 |
| Increase (decrease) in provision for retirement benefits | 91 | 25 |
| Increase (decrease) in provision for bonuses | -749 | -27 |
| Interest and dividends income | -49 | -4 |
| Interest expenses | 116 | 59 |
| Decrease (increase) in notes and accounts receivable-trade | 3,136 | -193 |
| Decrease (increase) in inventories | 75 | 65 |
| Increase (decrease) in notes and accounts payable-trade | -334 | -326 |
| Decrease (increase) in insurance funds | 376 | 245 |
| Decrease (increase) in accounts receivable-other | — | 241 |
| Increase (decrease) in accrued expenses | -792 | -83 |
| Increase (decrease) in accrued consumption taxes | 547 | -421 |
| Other, net | 166 | 233 |
| Subtotal | 1,888 | 201 |
| Interest and dividends income received | 49 | 4 |
| Interest expenses paid | -127 | -60 |
| Income taxes paid | -354 | -90 |
| Income taxes refund | 412 | 335 |
| Net cash provided by (used in) operating activities | 1,868 | 389 |

| | (Million yen) | |
|--|---|--|
| | Second quarter aggregate period of the previous consolidated fiscal year (From October 1, 2008 To March 31, 2009) | Second quarter aggregate period of the current consolidated fiscal year (From October 1, 2009 To March 31, 2010) |
| Net cash provided by (used in) investing activities | | |
| Payments into time deposits | — | -100 |
| Purchase of property, plant and equipment | -55 | -27 |
| Proceeds from sales of property, plant and equipment | 132 | 1 |
| Purchase of intangible assets | -95 | -5 |
| Collection of loans receivable | — | 420 |
| Payments of loans receivable | — | -530 |
| Proceeds from sales of investment securities | 18 | 68 |
| Payments for sales of investments in subsidiaries resulting in change in scope of consolidation | -265 | — |
| Purchase of investments in subsidiaries resulting in change in scope of consolidation | — | -13 |
| Proceeds from sales of investments in subsidiaries | — | 150 |
| Purchase of investments in subsidiaries | — | -20 |
| Proceeds from transfer of business | 19 | — |
| Other, net | 1 | -1 |
| Net cash provided by (used in) investing activities | -245 | -57 |
| Net increase (decrease) in short-term loans payable | -1,291 | -27 |
| Repayment of long-term loans payable | -2,647 | -1,010 |
| Other, net | -0 | -13 |
| Net cash provided by (used in) financing activities | -3,939 | -1,050 |
| Net increase (decrease) in cash and cash equivalents | -2,316 | -717 |
| Cash and cash equivalents at beginning of period | 9,878 | 4,914 |
| Cash and cash equivalents at end of period | 7,562 | 4,197 |

(4) Concerning notes about going concern assumption

The Group continued to face challenging management circumstances, reflecting the sharply worsening Japanese economy and the worsening employment situation. As a result, consolidated net sales in the fiscal year ended September 2009 declined sharply (down 42.1% year on year) from a year ago, and the Group posted a consolidated operating loss of 682 million yen. Under the circumstances, the Group is continuing discussions with certain financial institutions to review the conditions of loan agreements for the future.

We recognize there is a situation raising significant concern about the going concern assumption as of the day of the announcement of the results for the second quarter under review.

To overcome the situation, the Group developed a Three-Year Plan, a medium-term management plan, in the fiscal year ended September 2009 and proceeded with the reorganization and restructuring of the Group. In the reorganization, the Group focused on two business domains: the Short term operational support business and sales support business. Meanwhile, the Group undertook restructuring, especially workforce reductions at subsidiaries and the consolidation of branches, and reduced selling, general and administrative expenses. As a result, operating income stood at 414 million yen (compared with an operating loss of 596 million yen in the same period last year) attributable to the streamlining of management in the short-term operational support business, although net sales continued to decline in the consolidated financial statements for the first half of the fiscal year ending September 30, 2010.

The Group believes that it will be able to eliminate the situation raising significant concern about the going concern assumption by strengthening its overall operating foundations. At present, however, material uncertainty is recognized concerning the Group's profit outlook and the prospect of achieving the revenue and expenditure plan, reflecting the unclear outlook for improvements in the management environment.

The consolidated financial statements for the second quarter under review have been prepared on the premise that Fullcast Holdings 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****Second Quarter Aggregate Period of the Previous Consolidated Fiscal Year****(October 1, 2008 – March 31, 2009)**

(Million yen)

| | Spot Business | Factory Business | Technology Business | Office Business | Other Business | Total | Elimination or company total | Consolidated |
|--------------------------------------|---------------|------------------|---------------------|-----------------|----------------|--------|------------------------------|--------------|
| I. Net sales | | | | | | | | |
| (1) Sales to external customers | 12,010 | 5,850 | 8,466 | 4,898 | 3,540 | 34,764 | — | 34,764 |
| (2) Inter-segment sales or transfers | 91 | 3 | 4 | 6 | 6 | 109 | (109) | — |
| Total | 12,101 | 5,853 | 8,470 | 4,903 | 3,546 | 34,873 | (109) | 34,764 |
| Operating income or loss (-) | -609 | -231 | 631 | -3 | 3 | -209 | (387) | -596 |

Notes:

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

Second Quarter Aggregate Period of the Current Consolidated Fiscal Year**(October 1, 2009 – March 31, 2010)**

(Million yen)

| | Short term operational support business | Sales support business | Technician dispatch business | Security, other business | Total | Elimination or company total | Consolidated |
|--------------------------------------|---|------------------------|------------------------------|--------------------------|--------|------------------------------|--------------|
| I. Net sales | | | | | | | |
| (1) Sales to external customers | 10,737 | 4,073 | 2,157 | 1,068 | 18,035 | — | 18,035 |
| (2) Inter-segment sales or transfers | 1 | 26 | 5 | 1 | 33 | (33) | — |
| Total | 10,738 | 4,099 | 2,162 | 1,069 | 18,068 | (33) | 18,035 |
| Operating income or loss (-) | 540 | -53 | 107 | 34 | 627 | (213) | 414 |

Notes:

- The company's business activities are divided as given below for the purpose of internal management.
- Business segments
 - Short term operational support business: Short-term human outsourcing services
 - Sales support business: Sales outsourcing services
 - Technician dispatch business: Engineer dispatching services, human resources contracting of technical staff
 - Security, other business: Security services
- Changes in the Business Segments

Until the preceding fiscal year, the Group had divided its businesses into five business segments: Spot Business, Factory Business, Technology Business, Office Business, and Other Business. Through business restructuring, the Company withdrew from the Factory Business, and starting the first quarter under review, is dividing its businesses into the business segments as described in note 2 above. The clerical manpower dispatching services that was included in the Office Business in the fiscal year ended September 2009 is included in the short-term operational support business.

The table below shows segment information by business segment in the first quarter of the preceding fiscal year in accordance with the new business segments.

Second Quarter Aggregate Period of the Previous Consolidated Fiscal Year**(October 1, 2008 – March 31, 2009)**

(Million yen)

| | Short term operational support business | Sales support business | Technician dispatch business | Security, other business | Factory Business | Total | Elimination or company total | Consolidated |
|--------------------------------------|--|------------------------------|------------------------------------|--------------------------------|---------------------|--------|------------------------------------|--------------|
| I. Net sales | | | | | | | | |
| (1) Sales to external customers | 13,944 | 2,963 | 8,466 | 3,540 | 5,850 | 34,764 | — | 34,764 |
| (2) Inter-segment sales or transfers | 94 | 0 | 4 | 6 | 3 | 107 | (107) | — |
| Total | 14,039 | 2,964 | 8,470 | 3,546 | 5,853 | 34,871 | (107) | 34,764 |
| Operating income or loss (-) | -626 | 8 | 631 | 3 | -231 | -215 | (381) | -596 |

Second Quarter Accounting period of the Current Consolidated Fiscal Year**(October 1, 2009 – March 31, 2010)**

(Million yen)

| | Spot Business | Factory Business | Technology Business | Office Business | Other Business | Total | Elimination or company total | Consolidated |
|--------------------------------------|------------------|---------------------|------------------------|--------------------|-------------------|--------|------------------------------------|--------------|
| I. Net sales | | | | | | | | |
| (1) Sales to external customers | 4,993 | 2,214 | 4,001 | 2,431 | 1,670 | 15,308 | — | 15,308 |
| (2) Inter-segment sales or transfers | 14 | 0 | 3 | 3 | 3 | 23 | (23) | — |
| Total | 5,007 | 2,214 | 4,004 | 2,434 | 1,672 | 15,331 | (23) | 15,308 |
| Operating income or loss (-) | -329 | -229 | 384 | 20 | 7 | -146 | (177) | -323 |

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.

Second Quarter Accounting Period of the Current Consolidated Fiscal Year**(October 1, 2009 – March 31, 2010)**

(Million yen)

| | Short term operational support business | Sales support business | Technician dispatch business | Security, other business | Total | Elimination or company total | Consolidated |
|--------------------------------------|---|------------------------|------------------------------|--------------------------|-------|------------------------------|--------------|
| I. Net sales | | | | | | | |
| (1) Sales to external customers | 5,316 | 1,949 | 1,066 | 517 | 8,848 | — | 8,848 |
| (2) Inter-segment sales or transfers | 0 | 14 | 2 | 1 | 17 | (17) | — |
| Total | 5,317 | 1,962 | 1,068 | 518 | 8,865 | (17) | 8,848 |
| Operating income or loss (-) | 276 | -103 | 54 | 16 | 243 | (108) | 136 |

Notes:

1. The company's business activities are divided as given below for the purpose of internal management.
2. Business segments
3. Business segments

(1) Short term operational support business: Short-term human outsourcing services

(2) Sales support business: Sales outsourcing services

(3) Technician dispatch business: Engineer dispatching services, human resources contracting of technical staff

(4) Security, other business: Security services

4. Changes in the Business Segments

Until the preceding fiscal year, the Group had divided its businesses into five business segments: Spot Business, Factory Business, Technology Business, Office Business, and Other Business. Through business restructuring, the Company withdrew from the Factory Business, and starting the first quarter under review, is dividing its businesses into the business segments as described in note 2 above. The clerical manpower dispatching services that was included in the Office Business in the fiscal year ended September 2009 is included in the short-term operational support business.

The table below shows segment information by business segment in the first quarter of the preceding fiscal year in accordance with the new business segments.

Second Quarter Accounting Period of the Previous Consolidated Fiscal Year**(October 1, 2008 – March 31, 2009)**

(Million yen)

| | Short term operational support business | Sales support business | Technician dispatch business | Security, other business | Factory Business | Total | Elimination or company total | Consolidated |
|--------------------------------------|---|------------------------|------------------------------|--------------------------|------------------|--------|------------------------------|--------------|
| I. Net sales | | | | | | | | |
| (1) Sales to external customers | 5,913 | 1,511 | 4,001 | 1,670 | 2,214 | 15,308 | — | 15,308 |
| (2) Inter-segment sales or transfers | 15 | 0 | 3 | 3 | 0 | 21 | (21) | — |
| Total | 5,928 | 1,511 | 4,004 | 1,672 | 2,214 | 15,330 | (21) | 15,308 |
| Operating income or loss (-) | -329 | 15 | 384 | 7 | -229 | -152 | (171) | -323 |

Geographic segment information

Geographical segment information is not presented since the Company did not have consolidated subsidiaries or branches offices in other areas or regions than Japan in the second quarter of the previous consolidated fiscal year.

Overseas sales

Overseas sales are not presented given the absence of overseas sales in the second quarter of the previous consolidated fiscal Segment Information

Information on the business segments

(6) Notes in case of significant change of Shareholders' equity

The Company reduced its capital on January 31, 2010 to cover losses. As a result, during the second quarter accounting period of the consolidated fiscal year under review, capital stock declined 961 million yen, and the capital surplus fell 1,169 million yen. Retained earnings rose 2,130 million yen.

Consequently, as at the end of the second quarter of the consolidated fiscal year under review, capital stock stood at 2,780 million yen, and the capital surplus was 2,013 million yen.

There were no significant changes in the total amount of shareholders' equity.