



## Consolidated Financial Results Announcement for the third Quarter of the Term Ending September 2010 [Japanese Standards] (Consolidated)

August 6, 2010

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 Tokiwa, Director and President Telephone: +81-3-4530-4830  
 Contact: Jo Okada, CFO  
 Scheduled day for quarterly report submission: August 13, 2010  
 Scheduled day for commencement of dividend payments: –  
 Preparation of supplementary references regarding quarterly results: Yes (Shown on our homepage)  
 Briefing for quarterly results: No

(Figures are rounded to the nearest million yen.)

### 1. Consolidated Financial Results for the third Quarter of the Fiscal Year Ending September 30, 2010 (October 1, 2009 – June 30, 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	%
3Q-FY9/10	26,730	-43.0	608	–	541	–	-266	–
3Q-FY9/09	46,871	–	-869	–	-1,053	–	-5,724	–

	Net income per share	Diluted net income per share
	Yen	Yen
3Q-FY9/10	-691.36	–
3Q-FY9/09	-18,968.41	–

### (2) Consolidated financial conditions

	Total assets	Net assets	Shareholders' equity ratio	Shareholders' equity per share
	Million yen	Million yen	%	Yen
3Q-FY9/10	10,737	1,581	9.5	2,641.09
FY9/09	13,072	1,724	9.9	3,357.40

(Reference) Shareholders' equity: 3Q-FY9/10: 1,016 million yen FY9/09: 1,292 million yen

### 2. Dividends

(Base date)	Dividend per share				
	End of 1Q	End of 2Q	End of 3Q	End of FY	Annual
	Yen	Yen	Yen	Yen	Yen
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 third quarter under review: No

### 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	–	485	–	1,260.18

(Note) Revision of full year consolidated forecast during the current quarter under review: Yes

#### 4. Others (For details, please see “2. Other information” on page 7 of “Appendix.”)

- (1) Important changes of subsidiaries during the term No  
(Note) Whether or not the changes in specific subsidiaries was moved due to the changes of specified subsidiaries that lead to a change in the scope of consolidation in the current quarter
- (2) Application of simplified accounting policies and special accounting treatment Yes  
(Note) Whether or not the application of simplified accounting policies and accounting treatment specific to the production of quarter consolidated financial statements
- (3) Changes in accounting principles and procedures and the presentation methods
- 1) Changes associated with the revision of accounting principles, etc.: No
- 2) Change other than above.: Yes
- (Note) Changes to the principles, procedures, and presentation methods for accounting related to the creation of quarterly consolidated financial statements.
- (4) Number of shares issued (common stock)
- 1) Number of shares issued at the end of the term (including treasury stock)
- |                                |         |                              |         |
|--------------------------------|---------|------------------------------|---------|
| Third quarter ended Jun. 2010: | 395,964 | Fiscal year ended Sep. 2009: | 395,964 |
|--------------------------------|---------|------------------------------|---------|
- 2) Number of treasury stock at the end of the term
- |                                |        |                              |        |
|--------------------------------|--------|------------------------------|--------|
| Third quarter ended Jun. 2010: | 11,100 | Fiscal year ended Sep. 2009: | 11,100 |
|--------------------------------|--------|------------------------------|--------|
- 3) Average number of shares outstanding during the term (quarter consolidated aggregated period )
- |                                |         |                                |         |
|--------------------------------|---------|--------------------------------|---------|
| Third quarter ended Jun. 2010: | 384,864 | Third quarter ended Sep. 2009: | 301,787 |
|--------------------------------|---------|--------------------------------|---------|

#### \* Presentation concerning implementation status of quarterly review procedures

These quarterly financial results are not the subject to a quarterly review procedure based on the Financial Instruments and Exchange Act, and at the point in time when these financial quarterly results were disclosed, review procedures for quarterly financial statements based on the Financial Instruments and Exchange Act were not completed.

#### \* 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 other information provided within this document, 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 warn against relying solely on these outlooks in assessing our business results, corporate value and other factors. Please also be informed that actual financial results may vary widely from our forecasts due to various factors.

Important factors that may have an impact upon our actual financial results include: (1) The economic and the financial conditions surrounding our Company and changes in the employment situation, (2) damage to infrastructure arising from 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, these factors that affect our financial results may not be limited to only these.

Furthermore, please bear in mind that notwithstanding new data, future events or any other results whatsoever, we may choose not to reexamine our forecasts.

For the assumptions underlying our business forecasts and related issues, please refer to Page 6, "1-(3) Qualitative data on business forecast" of "Appendix."

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## 1. Qualitative information regarding the performance for the current quarter

### (1) Qualitative data on financial results

The qualitative data on consolidated financial results explains the financial results for the three months from April 1, 2010 to June, 2010. For qualitative data on consolidated financial results for the first and second quarter of the fiscal year ending September 2010, please refer to the Brief Announcement of Consolidated Financial Results for the First and Second Quarters of the Term Ending September 2010 (disclosed on February 8, 2010) and Consolidated Financial Results for the Second Quarter of the Term Ending September 2010 (disclosed on May 7, 2010).

Additionally, the changes in consolidated operating results for quarterly accounting period are as follows.

(Million yen)

	FY2010	FY2010	FY2010	FY2009	Change (%)
	First quarter	Second quarter	Third quarter	Third quarter	
Net sales	9,187	8,848	8,695	12,107	-28.2
Gross profit	2,151	2,110	2,117	2,521	-16.0
Operating income (loss)	279	136	194	-273	—
Ordinary income (loss)	254	108	179	-367	—
Net income (loss)	-397	180	-50	-2,943	—

In the third quarter of the fiscal year ending September 30, 2010, and in the context of the overseas economic recovery, the Japanese economy saw continued increases in exports and production levels and emerged from its slump in personal consumption centered on durable consumer items thanks in part to the issuance of rebates on ecologically friendly consumer products by the Japanese government, but the trend of the recovery has become gradual. Additionally, indexes such as the jobs to applicants ratio have shown a gradual recovery. However, the employment situation has only just begun to emerge from its worst period, and with three consecutive months of increases in the overall unemployment rate to 5.2% in May, close to the record high of 5.7% set in July 2009, the environment surrounding staffing services is still very severe as economic recovery has not yet led to improvements in employment.

Against this backdrop, based on the Three Year Plan announced by the Fullcast Group on May 8, 2009, we sought to become profitable this year, the second year of the plan. The third quarter of the fiscal year was positioned to be the plan's final step towards achieving profitability, and in order to halt declines in income and profits caused by sluggish sales of our primary services of the Sales Support Business, which is commissioned to provide sales support for various communication products, we implemented restructuring focused upon reductions in fixed costs through reorganization of our offices and reductions in our work force. These efforts were also designed to reconstruct our operating foundations while also focusing on the short-term operational business in the third quarter of the fiscal year.

Consolidated net sales were higher year on year for our short-term operational support business. However because sales of the sales support business, technician dispatch business and security and other businesses were lower due to the review of the scale of operations that accompanied our restructuring, we saw net sales of 8,695 million yen (a year-on-year decrease

of 28.2%).

In terms of profits, we posted operating income for operating segments other than the sales support business, and we achieved total consolidated operating income of 194 million yen (compared with an operating loss of 273 million yen in the same period previous year) and total consolidated ordinary income of 179 million yen (compared with an ordinary loss of 367 million yen in the same period previous year).

We incurred a quarterly consolidated net loss of 50 million yen (compared with a net loss of 2,943 million yen in the same period previous year) due to extraordinary losses of 150 million yen for the move of our head office and 75 million yen for closing of offices in our sales support business. At the same time, we saw an extraordinary income of 70 million yen on the sale of share in subsidiaries and affiliates.

(Note) 1. In the previous fiscal year, the shares of Asia Pacific System Research Co., Ltd. and other consolidated subsidiaries, Info-P Co., Ltd., Fullcast Finance Co. Ltd., Fullcast Factory Co. Ltd., Fullcast Central Co. Ltd., and Net It Works Inc. were transferred and therefore excluded from the scope of consolidation. Additionally if the influence of the exclusion from the scope of the consolidation of these subsidiaries during the previous consolidated fiscal year is excluded, consolidated net sales would have declined by 8.2% year on year, and the operating loss of the same period of the previous year would be 194 million yen.

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

#### 1) Short-term operational support business

During the third quarter of the fiscal year, while seeing the trend of a gentle recovery and in the context of the difficult employment situation, sales of the short-term operating support business increased 13.0% year on year, to 5,709 million yen, as a result of our effort to expand orders through our sales activity focused upon the expansion of customer interaction points.

In terms of profits, we secured profits again through the reduction of selling, general and administrative expenses and other factors. We recorded operating income of 420 million yen (compared with an operating loss of 49 million yen in the same period previous year).

(Note) 1. There was no influence from subsidiaries that were excluded from the scope of consolidation during the previous fiscal year.

2. Starting in the first quarter of the current fiscal year, new business segments have been applied. The clerical employee dispatching services that were included in the office business segment in the fiscal year ended September 2009 are now included in the short-term operational support business.

#### 2) Sales support business

Due to the influence of the reorganization of our offices and the withdraw from multiple business segments due to restructuring implemented from the third quarter of the current fiscal year, net sales of the sales support business declined 44.6% year on year, to 1,392 million yen.

With regards to profits, an operating loss of 176 million yen was recorded (compared with an operating income of 41 million yen in the same period previous year) due to a drop in sales and despite our efforts and progress in reducing fixed costs including personnel costs in order to realize profitability from the fourth quarter.

- (Note) 1. There was no influence from subsidiaries that were excluded from the consolidation scope during the previous fiscal year.
2. Starting the first quarter of the current fiscal year, 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 now included in the short-term operational support business.

### 3) Technician dispatch business

As the scope of the business was downsized through 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 fell by 67.0% year on year, to 1,039 million yen.

Due to the effects of this restructuring, the subsequent reduction in the size of the workforce and in rent through the consolidation of corporate housing made during the previous fiscal year, and despite the significant year-on-year sales decrease, operating income rose 156.2% from the same quarter in the previous year to 37 million yen.

- (Note) 1. If the influence of the subsidiaries that were excluded from the scope of the consolidation during the previous consolidated fiscal year is excluded, consolidated sales would have fallen by 21.5% year on year, and an operating loss of 68 million yen would have been incurred.
2. There was no influence from the change in segment classification based on business type done in the first quarter of the fiscal year.

### 4) Security, other businesses

The sales of security and other businesses fell by 4.5% year on year to 555 million.

Despite the decline in sales and lower gross margin ratio, operating income declined by a smaller margin of 3.2% from the previous year to 24 million yen, due to reductions in selling, general and administrative expenses.

- (Note) 1. There was no influence from subsidiaries that were excluded from the consolidation scope during the previous fiscal year.
2. There was no influence from the change in segment classification based on business type done in the first quarter of the fiscal year.

## (2) Qualitative data on financial position

### 1) Assets, liabilities and shareholders' equity

Total consolidated assets at the end of the third quarter declined by 2,335 million yen from the end of the preceding fiscal year, to 10,737 million yen. Shareholder's equity dropped by 276 million yen to 1,016 million yen (shareholder's equity ratio: 9.5%), and net assets fell by 143

million yen to 1,581 million yen.

The Company reduced capital 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 third quarter of the consolidated fiscal year under review stood at 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 1,066 million yen from the end of the previous fiscal year to 9,091 million yen. The decline is due primarily to cash and deposits which fell by 166 million yen to 4,748 million, notes receivable and accounts receivable-trade which fell by 141 million yen to 3,900 million yen, in addition to other current assets which fell by 676 million yen to 414 million yen due to the influence of reductions in accounts receivable and other factors. Fixed assets fell by 1,269 million yen from the end of the previous fiscal year to 1,645 million yen. This decline is due primarily to a fall in other investments and other assets by 927 million yen to 341 million yen due to the influence of a loss on the valuation of investment securities, a decrease in insurance funds, and other factors.

In terms of liabilities, current liabilities fell by 864 million yen from the end of the previous fiscal year to 7,568 million yen. This decline is due to a fall of 125 million yen in current portion of long-term loans payable to 1,887 million yen as a result of scheduled repayments, a fall in other accounts payable by 500 million yen to 1,337 million yen from the influence of the reduction in accrued consumption taxes, a fall in provision for bonuses by 142 million yen to 148 million yen, and other factors. Fixed liabilities fell by 1,328 million yen from the previous fiscal year to 1,588 million yen. This was mainly due to a decrease in long-term loans by 1,390 million yen to 1,010 million yen caused by scheduled repayments.

## 2) Cash Flows

As of the end of the third quarter under review, cash and cash equivalents (“cash”) increased by 552 million yen compared with that of the end of the second quarter consolidated accounting period, to 4,748 million yen (fell by 805 million yen from the previous year).

(Cash flows from operating activities)

807 million yen of cash was obtained through operating activities (628 million yen in cash was used in the same period previous year) due to a reduction in trade receivables by 629 million yen and other factors in contrast to the fall in accrued bonuses of 122 million yen.

(Cash flows from investment activities)

261 million yen of cash was obtained through investment activities (194 million yen was used in the same period previous year) as a result of 111 million yen in income from the collection of loans, 100 million yen in income from the proceed from withdrawal of time deposits and other factors.

(Cash flows from financing activities)

Cash used as a result of financing activities was 517 million yen (16 million yen was obtained in same period previous year) due to 505 million yen in expenses from the repayment of long-term loans and other factors.

**(3) Qualitative data on business forecast**

In regard to our full-year forecasts for the fiscal year ending September 30, 2010, although results for each business segment are varied, consolidated performance is trending according to our plans.

On the other hand, due to partial transfer of stocks of our subsidiary, Fullcast Marketing (FCM) on June 24, 2010, and allocation of new stocks of FCM to a third party on July 20, 2010, our shareholding in FCM decreased to 54.39%.

As FCM's accounts for the third quarter of the fiscal year ending September 30, 2010 closed on June 30, 2010, the effects of changes in shareholding ratio are calculated. As a result, income of 291 million yen due to this change is estimated to be produced.

This extraordinary income is included in consolidated results as the stock transfer was made on July 1, 2010, and will be recorded in the fourth quarter of the fiscal year ending September 30, 2010. Therefore, consolidated net income was revised to 485 million yen, which represents an increase of 291 million yen.

For further details, please see the "Notice of Revisions to Consolidated Earnings Forecasts for the FY September 2010 due to Recording of Extraordinary Income" that was announced today.



## **2. Other information**

### **(1) Summary of important changes in subsidiaries**

Not applicable.

### **(2) Summary of adoption of simplified accounting policies and of special accounting policies**

(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**

(Changes in presentation method)

Quarterly consolidated profit and loss of statement

Third quarter aggregated period of consolidated fiscal year

Since the amount of “Reversal of accounts payable” included in the other portion of non-operating income for the third quarter aggregated period of the consolidated fiscal year has exceeded 20% of non-operating income, it is presented as a separate item for the consolidated third quarter under review.

The amount of “Reversal of accounts payable” included in the other portion of non-operating income for the third quarter aggregated period of the consolidated fiscal year was 49 million yen.

Quarterly consolidated cash flows statement

Since the amount of decrease (increase) in accounts receivable-other included in the other portion of cash flows from operating activities for the third quarter of the previous consolidated fiscal year has become significant, it is presented as a separate item for the third quarter under review.

Decrease (increase) in accounts receivable-other included in the other portion of cash flows from operating activities for the third quarter of the previous consolidated fiscal year was an increase of 234 million yen.

Since the amounts of proceeds from collection of loans and payments for loans included in the other portion of cash flows from investment activities for the third quarter of the previous consolidated fiscal year have become significant, they are presented as separate items for the third quarter under review.

Proceeds from collection of loans and payments for loans included in the other portion of cash flows from investment activities for the third quarter of the previous consolidated fiscal year were 5 million yen and -2 million yen, respectively.

**(4) Overview of the important items regarding the premise of a going concern**

The Group continued to face challenging management circumstances, reflecting the sharp 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 financial institutions to receive more favorable terms on our loan agreements going forward.

We recognize there is a situation responsible for significant apprehension about the going concern assumption as of the day of the announcement of the results for the third 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 began the reorganization and restructuring of the Group. In the corporate restructuring including the selection and concentration of businesses, personnel downsizing, and the consolidation of branch offices, selling, general, and administrative expenses were reduced. As a result, sales decreased in the quarterly consolidated financial statements for the first to third quarters of the current fiscal year. However, due to the streamlining of the short-term operational support business, operating income was 608 million yen (compared with an operating loss of 869 million yen in the same period of the previous year). By implementing such management streamlining measures, we will fortify our management base and maintain a high priority upon compliance.

The Group believes that it will be able to rectify the situation that is responsible for the apprehension about the going concern assumption by strengthening its overall operating foundations.

**3. Financial statements****(1) Consolidated balance sheet**

(Million yen)

	End of consolidated accounting period for the current third quarter under review (June 30, 2010)	Condensed consolidated balance sheets at the end of the previous fiscal year (September 30, 2009)
<b>ASSETS</b>		
Current assets		
Cash and deposits	4,748	4,914
Notes and accounts receivable-trade	3,900	4,041
Merchandise	43	134
Work in process	0	1
Supplies	13	39
Other	414	1,090
Allowance for doubtful accounts	-28	-62
Total current assets	9,091	10,157
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	89	116
Tools, furniture and fixtures, net	175	147
Other, net	0	1
Total property, plant and equipment	264	263
Intangible assets		
Goodwill	15	39
Other	259	425
Total intangible assets	274	464
Investments and other assets		
Guarantee deposits	846	1,038
Other	341	1,268
Allowance for doubtful accounts	-80	-119
Total investments and other assets	1,107	2,187
Total noncurrent assets	1,645	2,914
Total assets	10,737	13,072

(Million yen)

	End of consolidated accounting period for the current third quarter under review (June 30, 2010)	Condensed consolidated balance sheets at the end of the previous fiscal year (September 30, 2009)
<b><u>LIABILITIES</u></b>		
Current liabilities		
Notes and accounts payable-trade	110	210
Short-term loans payable	3,011	3,011
Current portion of long-term loans payable	1,887	2,012
Accounts payable-other	1,337	1,837
Accrued expenses	768	706
Income taxes payable	84	100
Provision for bonuses	148	290
Allowance for cancellation adjustments	16	91
Other	207	175
Total current liabilities	7,568	8,432
Noncurrent liabilities		
Long-term loans payable	1,010	2,400
Provision for retirement benefits	540	495
Other	37	20
Total noncurrent liabilities	1,588	2,915
Total liabilities	9,156	11,347
<b><u>NET ASSETS</u></b>		
Shareholders' equity		
Capital stock	2,780	3,741
Capital surplus	2,013	3,183
Retained earnings	-1,029	-2,893
Treasury stock	-2,747	-2,747
Total shareholders' equity	1,018	1,284
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	-2	8
Total valuation and translation adjustments	-2	8
Minority interests	565	432
Total net assets	1,581	1,724
Total liabilities and net assets	10,737	13,072

**(2) Consolidated profit and loss statement****[Third quarter aggregated period of the current consolidated fiscal year under review]**

(Million yen)

	Third quarter aggregated period of the previous consolidated fiscal year (From October 1, 2008 To June 30, 2009)	Third quarter aggregated period of the current consolidated fiscal year (From October 1, 2009 To June 30, 2010)
Net sales	46,871	26,730
Cost of sales	36,419	20,353
Gross profit	10,451	6,378
Selling, general and administrative expenses	11,320	5,769
Operating income (loss)	-869	608
Non-operating income		
Real estate rent	161	—
Dividends income	45	3
Reversal of accounts payable	—	34
Other	148	68
Total non-operating income	354	105
Non-operating expenses		
Interest expenses	170	86
Rent cost of real estate	161	—
Equity in losses of affiliates	62	13
Other	146	73
Total non-operating expenses	539	173
Ordinary income (loss)	-1,053	541
Extraordinary income		
Gain on sales of subsidiaries and affiliates' stocks	295	185
Gain on sales of investment securities	1	7
Reversal of allowance for doubtful accounts	49	29
Gain on transfer of business	2	—
Government subsidy received	186	158
Surrender value of insurance	—	12
Other	0	0
Total extraordinary income	534	391
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	543
Loss on sales of noncurrent assets	91	2
Loss on retirement of noncurrent assets	62	10
Loss on insurance cancellation	66	3
Loss on closing of offices	567	105
Special retirement expenses	469	45
Allowance for employment adjustment	269	179
Impairment loss	85	23
Loss on debt forgiveness	950	—
Loss on assignment of an obligation	950	—
Head office transfer cost	27	150
Litigation expenses	—	30
Cancellation loss of dormitory	—	13
Total extraordinary losses	12	—
Net loss	4,838	1,102

(Million yen)

	Third quarter aggregated period of the previous consolidated fiscal year (From October 1, 2008 To June 30, 2009)	Third quarter aggregated period of the current consolidated fiscal year (From October 1, 2009 To June 30, 2010)
Loss before income taxes and minority interests	-5,358	-171
Income taxes-current	261	92
Income taxes-deferred	53	20
Total income taxes	313	111
Minority interests in income (loss)	53	-16
Net loss	-5,724	-266

**[Third quarter accounting period of the current consolidated fiscal year under review]**

(Million yen)

	Third quarter accounting period of the previous consolidated fiscal year (From April 1, 2009 To June 30, 2009)	Third quarter accounting period of the previous consolidated fiscal year (From April 1, 2010 To June 30, 2010)
Net sales	12,107	8,695
Cost of sales	9,585	6,578
Gross profit	2,521	2,117
Selling, general and administrative expenses	2,794	1,924
Operating income (loss)	-273	194
Non-operating income		
Real estate rent	40	—
Dividends income	1	0
Reversal of accounts payable	21	13
Other	4	17
Total non-operating income	65	31
Non-operating expenses		
Interest expenses	53	27
Rent cost of real estate	43	—
Equity in losses of affiliates	29	—
Other	35	19
Total non-operating expenses	160	46
Ordinary income (loss)	-367	179
Extraordinary income		
Gain on sales of subsidiaries and affiliates' stocks	295	70
Gain on sales of investment securities	1	—
Reversal of allowance for doubtful accounts	24	6
Government subsidy received	165	40
Other	0	0
Total extraordinary income	484	117
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	0
Loss on retirement of noncurrent assets	31	3
Loss on closing of offices	182	75
Special retirement expenses	368	—
Allowance for employment adjustment	230	45
Loss on debt forgiveness	950	—
Loss on assignment of an obligation	950	—
Head office transfer cost	27	150
Impairment loss	—	23
Other	12	—
Total extraordinary losses	3,055	296
Income (loss) before income taxes and minority interests	-2,938	-1
Income taxes-current	91	45
Income taxes-deferred	-87	-5
Total income taxes	4	41
Minority interests in income (loss)	1	8
Net income (loss)	-2,943	-50

**(3) Consolidated cash flow statement**

(Million yen)

	Third quarter aggregated period of the previous consolidated fiscal year (From October 1, 2008 To June 30, 2009)	Third quarter aggregated period of the current consolidated fiscal year (From October 1, 2009 To June 30, 2010)
Net cash provided by (used in) operating activities		
Loss before income taxes and minority interests	-5,358	-171
Depreciation and amortization	426	266
Impairment loss	85	23
Amortization of goodwill	152	14
Stock issuance cost	4	—
Loss (gain) on valuation of investment securities	59	543
Loss (gain) on sales of stocks of subsidiaries and affiliates	923	-185
Loss (gain) on sales of investment securities	12	-7
Loss (gain) on sales of noncurrent assets	90	2
Loss on retirement of noncurrent assets	62	10
Loss (gain) on transfer of business	-2	—
Loss on debt forgiveness	950	—
Loss on assignment of an obligation	950	—
Equity in (earnings) losses of affiliates	62	13
Increase (decrease) in allowance for doubtful accounts	88	-76
Increase (decrease) in provision for retirement benefits	-35	48
Increase (decrease) in provision for bonuses	-649	-149
Interest and dividends income	-51	-5
Interest expenses	170	86
Decrease (increase) in notes and accounts receivable-trade	4,380	436
Decrease (increase) in inventories	-40	117
Increase (decrease) in notes and accounts payable-trade	-452	-335
Decrease (increase) in insurance funds	375	245
Decrease (increase) in accounts receivable-other	—	275
Increase (decrease) in accrued expenses	-1,271	-51
Increase (decrease) in accrued consumption taxes	518	-433
Other, net	140	398
Subtotal	1,591	1,065
Interest and dividends income received	52	5
Interest expenses paid	-173	-88
Income taxes paid	-720	-133
Income taxes refund	491	348
Net cash provided by (used in) operating activities	1,241	1,197



	(Million yen)	
	Third quarter aggregated period of the previous consolidated fiscal year (From October 1, 2008 To June 30, 2009)	Third quarter aggregated period of the current consolidated fiscal year (From October 1, 2009 To June 30, 2010)
Net cash provided by (used in) investing activities		
Payments into time deposits	—	-100
Proceeds from withdrawal of time deposits	—	100
Purchase of property, plant and equipment	-88	-41
Proceeds from sales of property, plant and equipment	133	1
Purchase of intangible assets	-95	-14
Collection of loans receivable	—	531
Payments of loans receivable	—	-530
Proceeds from sales of investment securities	21	68
Proceed 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	—
Purchase of investments in subsidiaries resulting in change in scope of consolidation	—	-13
Proceeds from sales of investments in subsidiaries	—	223
Purchase of investments in subsidiaries	—	-20
Proceeds from transfer of business	19	—
Other, net	3	-1
Net cash provided by (used in) investing activities	-438	204
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	-1,331	-27
Repayment of long-term loans payable	-3,157	-1,515
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	-25
Net cash provided by (used in) financing activities	-3,923	-1,567
Net increase (decrease) in cash and cash equivalents	-3,121	-166
Cash and cash equivalents at beginning of period	9,878	4,914
Cash and cash equivalents at end of period	6,757	4,748

**(4) Concerning notes about going concern assumption**

The Group continued to face challenging management circumstances, reflecting the sharp 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 these circumstances, the Group is continuing discussions with financial institutions to receive more favorable terms on our loan agreements going forward.

We recognize there is a situation responsible for the apprehension about the going concern assumption as of the day of the announcement of the results for the third quarter under review.

To overcome this situation, the Group developed a Three-Year Plan, a medium-term management plan, in the fiscal year ended September 2009 and began a reorganization and restructuring of the Group. In the corporate restructuring including the selection and concentration of businesses, personnel downsizing, consolidation of offices, and selling, general, and administrative expenses were reduced. As a result, sales decreased in the quarterly consolidated financial statements for the first to third quarters of the current fiscal year. However, due to the streamlining of the short-term operational support business, operating income was 608 million yen (compared with an operating loss of 869 million yen in the same period of the previous year). By implementing such management streamlining measures, we will fortify our management base and keep prioritizing compliance.

The Group believes that it will be able to eliminate the situation responsible for the apprehension about the going concern assumption by strengthening its overall operating foundations. At present, however, significant uncertainty concerning the Group's earnings outlook and the prospect of achieving its revenue and expenditure plans, reflecting the continuing uncertainties in the business environment.

The consolidated financial statements for the third 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 apprehension about this assumption.

**(5) Segment information****Information on the business segments****Third quarter aggregated period of the previous consolidated fiscal year****(October 1, 2008 – June 30, 2009)**

(Million yen)

	Spot Business	Factory Business	Technology Business	Office Business	Other Businesses	Total	Elimination or company total	Consolidated
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 businesses: Restaurant and bar management, security services, advertising agency services, etc.

**Third quarter aggregated period of the current consolidated fiscal year****(October 1, 2009 – June 30, 2010)**

(Million yen)

	Short-term operational support business	Sales support business	Technician dispatch business	Security, other businesses	Total	Elimination or company total	Consolidated
Net sales							
(1) Sales to external customers	16,446	5,465	3,196	1,623	26,730	—	26,730
(2) Inter-segment sales or transfers	37	41	7	2	87	(87)	—
Total	16,483	5,506	3,204	1,624	26,817	(87)	26,730
Operating income or loss (-)	960	-229	144	58	932	(324)	608

Notes:

1. The company's business activities are divided as given below for the purpose of internal management.
2. 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 businesses: Security services, restaurant and bar management
3. Changes in the Business Segments

Until the previous 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 third quarter of the preceding fiscal year in accordance with the new business segments.

**Third quarter aggregated period of the previous consolidated fiscal year****(October 1, 2008 – June 30, 2009)**

(Million yen)

	Short-term operational support business	Sales support business	Technician dispatch business	Security, other businesses	Factory business	Total	Elimination or company total	Consolidated
Net sales								
(1) Sales to external customers	18,996	5,476	11,616	4,121	6,662	46,871	—	46,871
(2) Inter-segment sales or transfers	98	4	7	6	3	118	(118)	—
Total	19,094	5,479	11,623	4,128	6,664	46,988	(118)	46,871
Operating income or loss (-)	-675	48	646	28	-399	-352	(516)	-869

**Third quarter accounting period of the previous consolidated 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
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

## 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 businesses: Restaurant and bar management, security services, advertising agency services, etc.

**Third quarter accounting period of the current consolidated fiscal year****(April 1, 2010 – June 30, 2010)**

(Million yen)

	Short-term operational support business	Sales support business	Technician dispatch business	Security, other businesses	Total	Elimination or company total	Consolidated
Net sales							
(1) Sales to external customers	5,709	1,392	1,039	555	8,695	—	8,695
(2) Inter-segment sales or transfers	36	15	3	1	54	(54)	—
Total	5,745	1,407	1,042	555	8,750	(54)	8,695
Operating income or loss (-)	420	-176	37	24	305	(111)	194

Notes:

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

2. 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 businesses: Security services

3. Changes in the Business Segments

Until the previous fiscal year, the Group had divided its businesses into five business segments: spot business, factory business, technology business, office business, and other businesses. Through business restructuring, the company withdrew from the factory business, and starting the first quarter under review, is dividing 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 third quarter of the preceding fiscal year in accordance with the new business segments.

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

(Million yen)

	Short-term operational support business	Sales support business	Technician dispatch business	Security, other businesses	Factory business	Total	Elimination or company total	Consolidated
Net sales								
(1) Sales to external customers	5,052	2,512	3,150	581	812	12,107	—	12,107
(2) Inter-segment sales or transfers	3	4	3	1	0	11	(11)	—
Total	5,055	2,516	3,152	582	812	12,117	(11)	12,107
Operating income or loss (-)	-49	41	14	25	-169	-138	(135)	-273

**Geographic segment information**

Geographical segment information is not presented since the Company did not have consolidated subsidiaries or branches offices in areas or regions outside of Japan in the third quarters of the current and previous consolidated fiscal years.

**Overseas sales**

Overseas sales are not presented given the absence of overseas sales in segment information for the third quarters of the current and previous consolidated fiscal years.

**(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 third 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.