

# **FULLCAST HOLDINGS**

**Business Results for the 2<sup>nd</sup> Quarter  
of the Fiscal Year Ending September 2010**

May 7, 2010



# Agenda

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## ◆ Introduction

- ◆ Business Highlights of the 2<sup>nd</sup> Quarter (Jan.-Mar. 2010)
- ◆ Results by Business Segment (Jan.-Mar.2010)
- ◆ FY2010 Earnings Plan
- ◆ Sales Support Business Restructuring Plan
- ◆ The Future of Revised Dispatched Worker Law and Short Term Operational Support Business

## Road Map for Our “3-Year Business Plan”

	FY2009	FY2010 (Plan)	FY2011 (Plan)
Target	Restructuring of Business Structure	<b>Return to Profits</b>	Earnings Growth
Business Restructuring	Completed →		
Financial Restructuring	Continue to Consider Transfer of Fullcast Technology Co., Ltd. →		

### Measures for Achievement (at the beginning of FY2010)

#### <Short Term Operational Support Business>

1. Seek further efficiency by enhancing management, and improve productivity
2. Pursue Sales strategies based on types of customers
  - Major customers: Expand the in-store share of sales
  - Small / new customers: Expand the number of operating customers

#### <Sales Support Business>

1. Specialize in sales outsourcing, primarily in communications equipment
  - (i) Fortify sales agent division
  - (ii) Strengthen call center sales
    - ⇒ Establish joint venture companies

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## Earnings Results 2Q/FY2010 (3 Months)

Unit: Million yen

	2Q FY2009	2Q FY2010	Changes
Net Sales	15,308	8,848	-42.2%
GP	3,369	2,110	-37.4%
SG&A	3,692	1,974	-46.5%
OP	-323	136	—
OP (%)	-2.1%	1.5%	—
RP	-404	108	—
NP	-1,135	180	—

Capital  
Investment

53

2

◆Cancelling out the impact of the sale of our subsidiary, our consolidated sales would have fallen by 8.9% year-over-year and our operating income would have risen by ¥314 million from the operating loss of ¥179 million during the previous term.

All shares of the following companies were transferred as follows: Asia Pacific System Research Co., Ltd. and its three consolidated subsidiaries: first quarter of FY9/09, Info-P Co., Ltd.: second quarter of FY9/09, Fullcast Finance Co., Ltd., Fullcast Factory Co., Ltd. and FullcastCentral Co., Ltd.: third quarter of FY9/09, Net it works, Inc.: fourth quarter of FY9/09.

## Earnings Results 2Q/FY2010 (6 Months Aggregate)

Unit: Million yen

	2Q FY2009	2Q FY2010	Changes
Net Sales	34,764	18,035	-48.1%
GP	7,930	4,260	-46.3%
SG&A	8,526	3,846	-54.9%
OP	-596	414	—
OP (%)	-1.7%	2.3%	—
RP	-686	362	—
NP	-2,782	-216	—

Capital  
Investment

150

31

◆ Cancelling out the impact of the sale of our subsidiary, our consolidated sales would have fallen by 17.9% year-over-year and our operating income would have risen by ¥1,103 million from the operating loss of ¥688 million during the previous term.

All shares of the following companies were transferred as follows: Asia Pacific System Research Co., Ltd. and its three consolidated subsidiaries: first quarter of FY9/09, Info-P Co., Ltd.: second quarter of FY9/09, Fullcast Finance Co., Ltd., Fullcast Factory Co., Ltd. and FullcastCentral Co., Ltd.: third quarter of FY9/09, Net it works, Inc.: fourth quarter of FY9/09.

# Changes in Balance Sheet FY2010

Unit: Million yen

		As of Sep.30 2009	As of Mar.31 2010	Increase and decrease	Comparison of changes	Key points in changes
<b>Current assets</b>		10,157	9,465	<b>-692</b>	-6.8%	Cash and deposits decreased by ¥617million, etc.
<b>Fixed assets</b>	<b>Tangible assets and Intangible assets</b>	727	665	<b>-62</b>	-8.6%	
	<b>Investment and other assets</b>	2,187	1,117	<b>-1,070</b>	-48.9%	Declines in loss on revaluation of investments in securities, insurance reserves and Guarantee deposits, etc.
<b>Total assets</b>		13,072	11,247	<b>-1,825</b>	-14.0%	
<b>Current liabilities</b>		8,432	7,662	<b>-771</b>	-9.1%	Accounts payable-other decreased by ¥565 million, etc.
<b>Fixed liabilities</b>		2,915	1,964	<b>-951</b>	-32.6%	Long-term borrowings decreased by ¥993 million, etc.
<b>Total net assets</b>		1,724	1,621	<b>-103</b>	-6.0%	
<b>Liabilities and net assets</b>		13,072	11,247	<b>-1,825</b>	-14.0%	

## Consolidated Cash Flows

**Operational cash flows**

**1Q**

**-79**

**2Q**

**468**

**Investment cash flows**

**-129**

**72**

**Financing cash flows**

**-480**

**-569**

**FCF**

**-207**

**540**

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# Short Term Operational Support Business : Earnings Comparison

Unit: Million yen

	2Q FY2009	2Q FY2010	Changes
Net Sales	5,913	<b>5,316</b>	-10.1%
OP	-329	<b>276</b>	-
OP(%)	-5.6%	<b>5.2%</b>	-

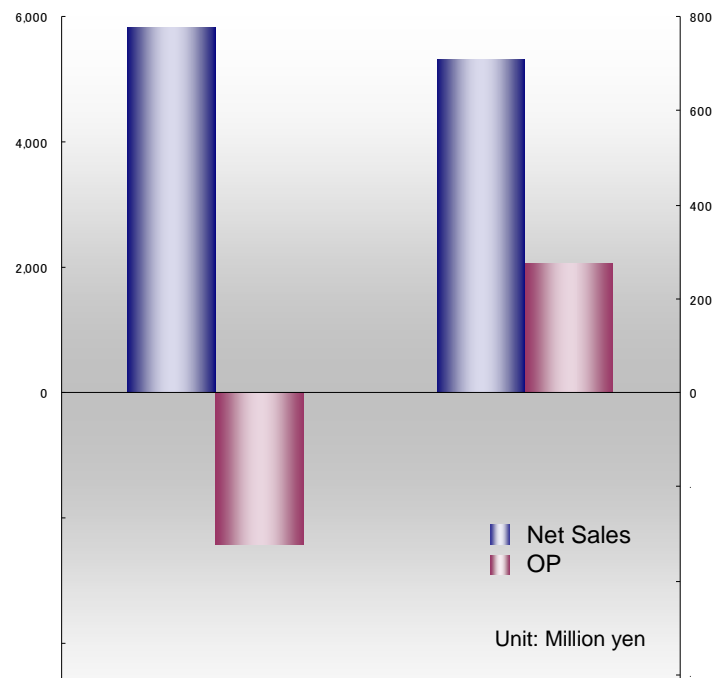
【Earnings comparison, excluding the impact of a subsidiary transfer】

Unit: Million yen

	2Q FY2009	2Q FY2010	Changes
Net Sales	5,808	<b>5,316</b>	-8.5%
OP	-327	<b>276</b>	—
OP(%)	-5.6%	<b>5.2%</b>	—

【Earnings comparison,

excluding the impact of a subsidiary transfer】



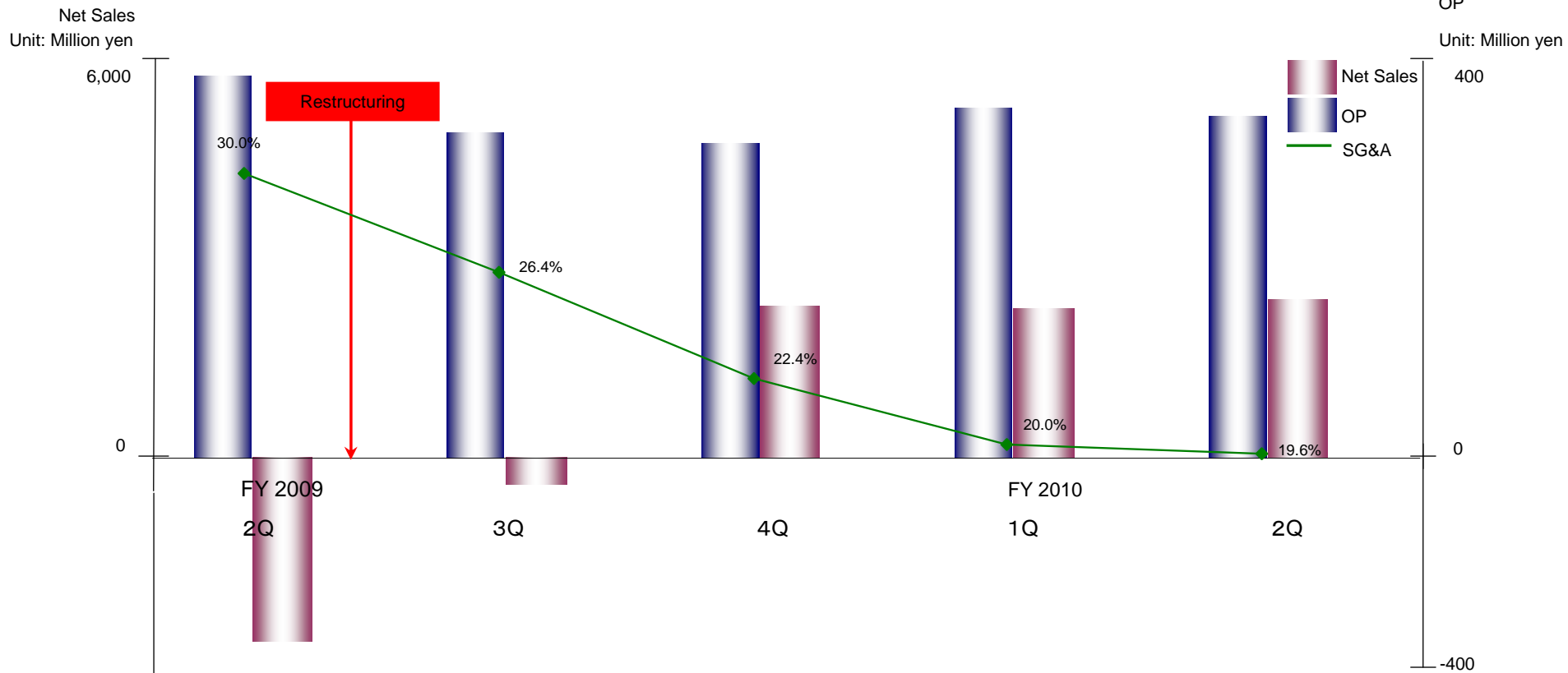
- ◆ Sales fell year on year, given lower charges, reflecting the severe economic environment.
- ◆ We achieved operating income, reflecting the impact of restructuring carried out in the previous consolidated fiscal year.

Along with the change in our business segment during the first quarter of the current fiscal year, we began recording office related human resources services that were included in the “office business” of our office dispatched human resources division in our “Short Term Operational Support Business” as of the fiscal year September 2009.

# Short Term Operational Support Business : Quarterly Earnings Outlook

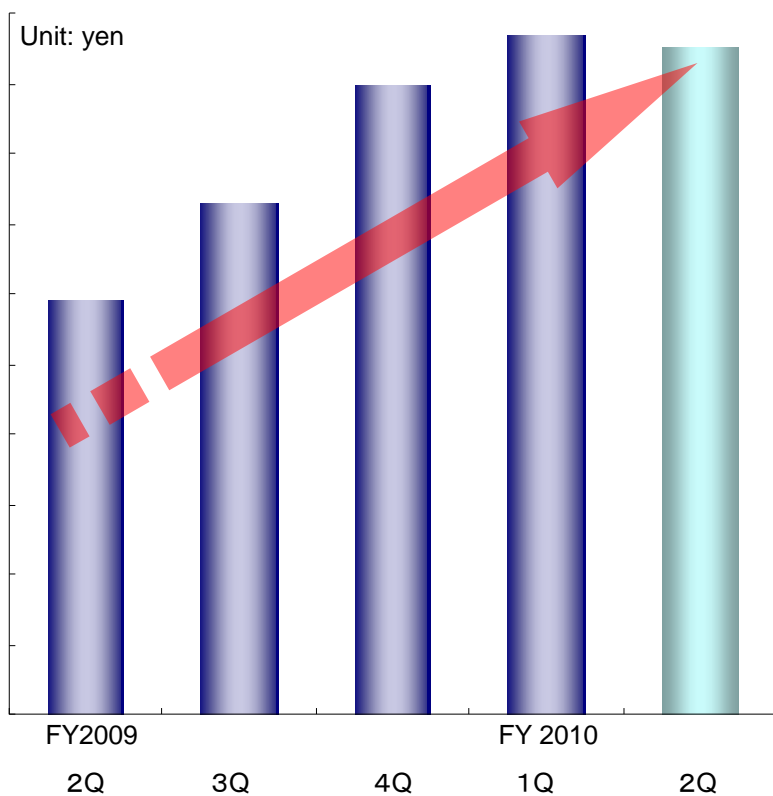
Unit: Million yen

	FY2009			FY2010	
	2Q	3Q	4Q	1Q	2Q
Net Sales	5,913	5,052	4,894	5,421	5,316
OP	-329	-49	267	264	276

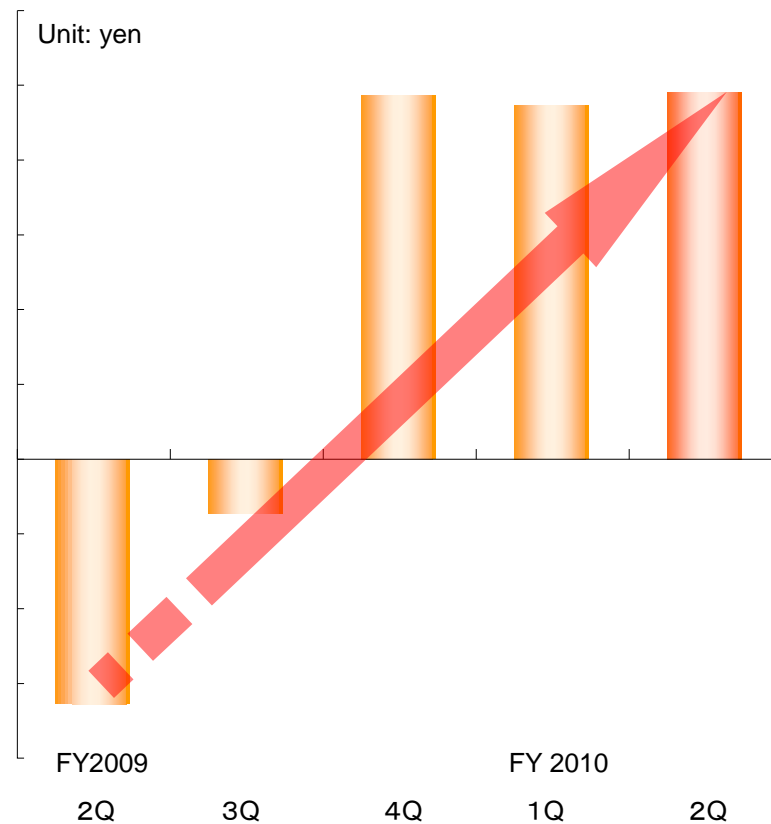


# Short Term Operational Support Business : Earnings Comparison

Sales/Labor Cost/Yen

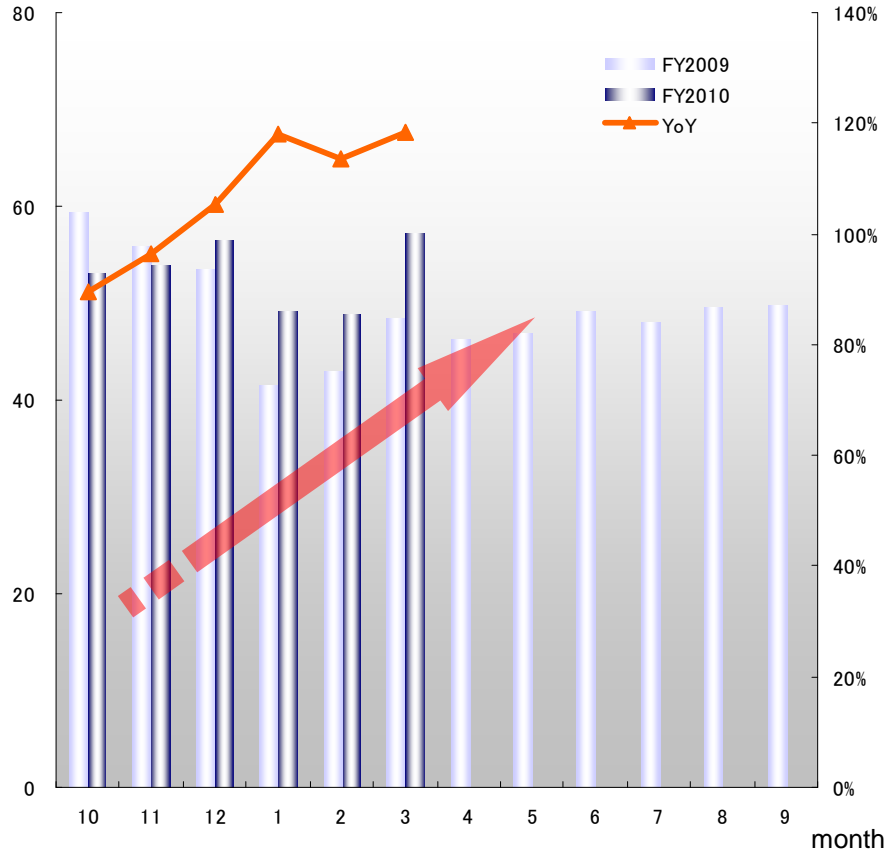


OP/Labor Cost/Yen

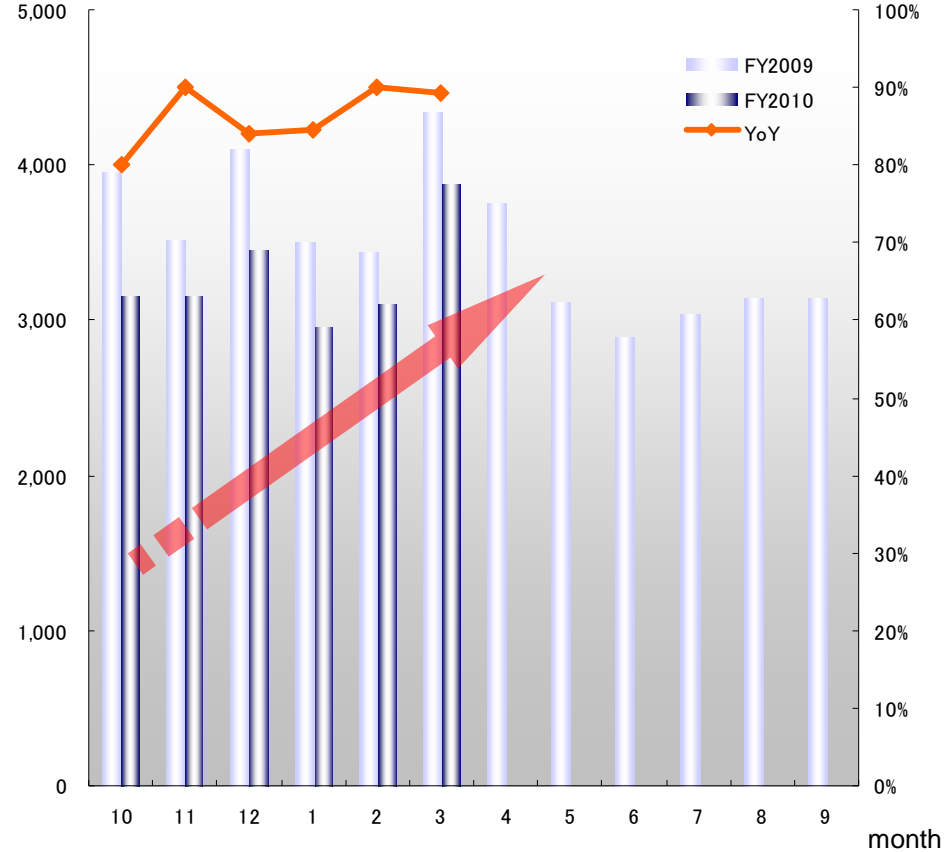


# Short Term Operational Support Business : Bigger Share

## Operating Workers /Customer



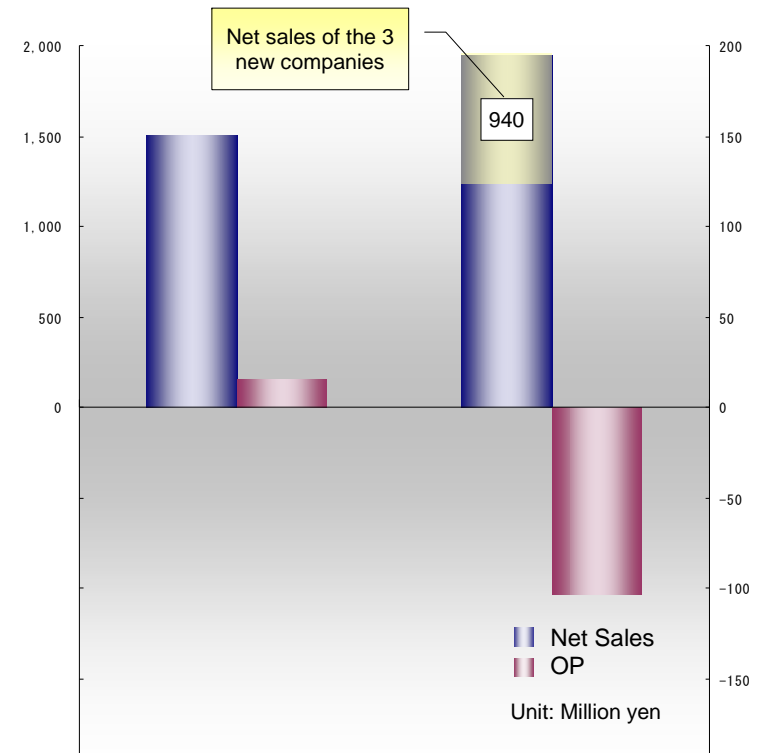
## Operating Customers



# Sales Support Business : Earnings Comparison

Unit: Million yen

	2Q FY2009	2Q FY2010	Changes
Net Sales	1,511	1,949	29.0%
OP	15	-103	—
OP(%)	1.0%	-5.3%	—



- ◆ Profit declined, mainly due to fell earnings on sluggish sales of the main equipment.
- ◆ Sales rose, reflecting the addition of three new companies

Along with the change in our business segment during the first quarter of the current fiscal year, we began recording office related human resources services that were included in the “office business” of our office dispatched human resources division in our “Short Term Operational Support Business” as of the fiscal year September 2009.

# Technician Dispatching Business: Earnings Comparison

Unit: Million yen

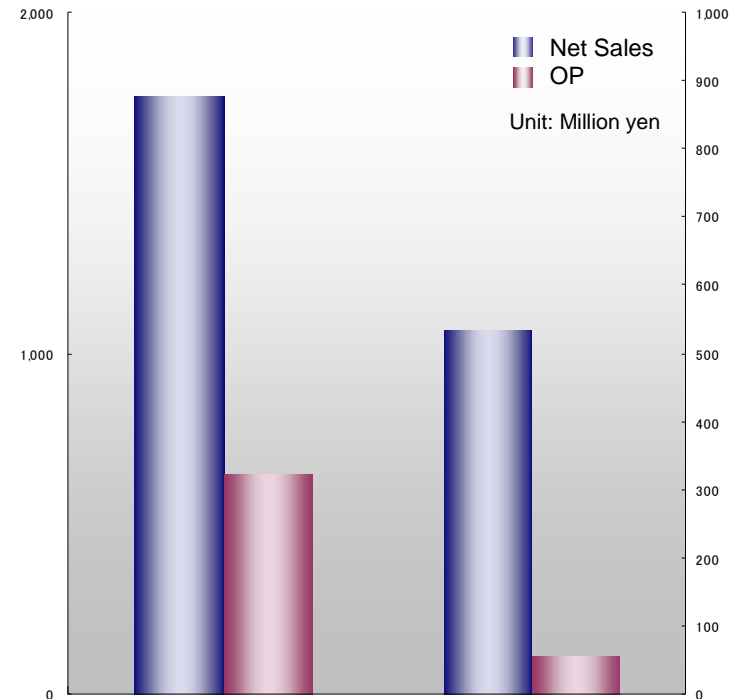
	2Q FY2009	2Q FY2010	Changes
Net Sales	4,001	1,066	-73.4%
OP	384	54	-85.8%
OP(%)	9.6%	5.1%	—

【Earnings comparison, excluding the impact of a subsidiary transfer】

Unit: Million yen

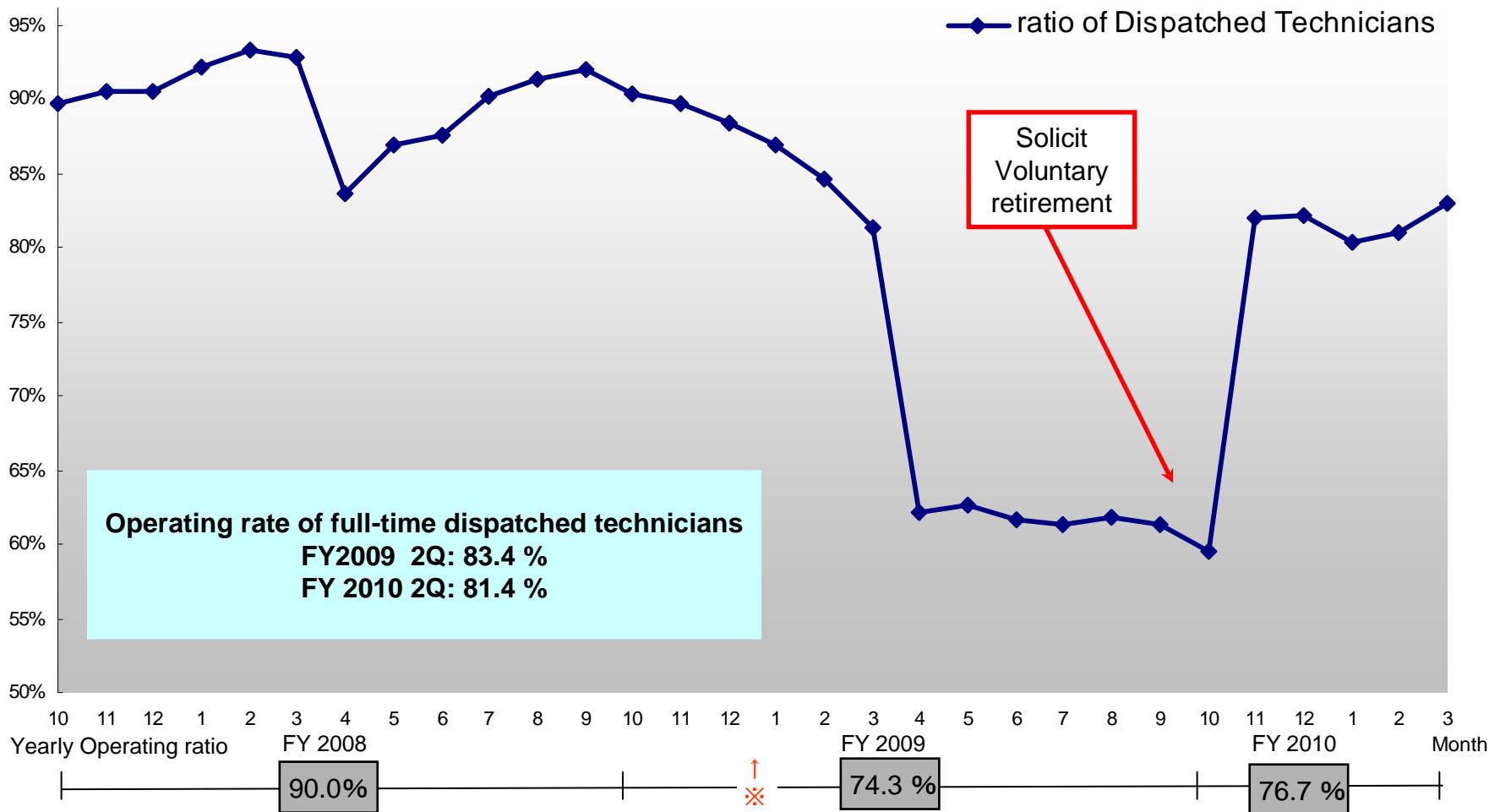
	2Q FY2009	2Q FY2010	Changes
Net Sales	1,755	1,066	-39.3%
OP	323	54	-83.1%
OP(%)	18.4%	5.1%	—

【Earnings comparison,  
excluding the impact of a subsidiary transfer】



◆ We achieved operating income, reflecting the impact of restructuring, despite a year-on-year decline in sales

# Technician Dispatching Business: Trend in Operating ratio of Dispatched Technicians



※Until the first quarter of fiscal 2009, figures were calculated based on the sum of data of Fullcast Central Co., Ltd. and Fullcast Technology Co., Ltd.  
 Following the sales of Fullcast Central Co., Ltd., from the second half of the fiscal year 2009, figures were calculated based only on data of Fullcast Technology Co., Ltd.

# Security, Other Business: Earnings Comparison

Unit: Million yen

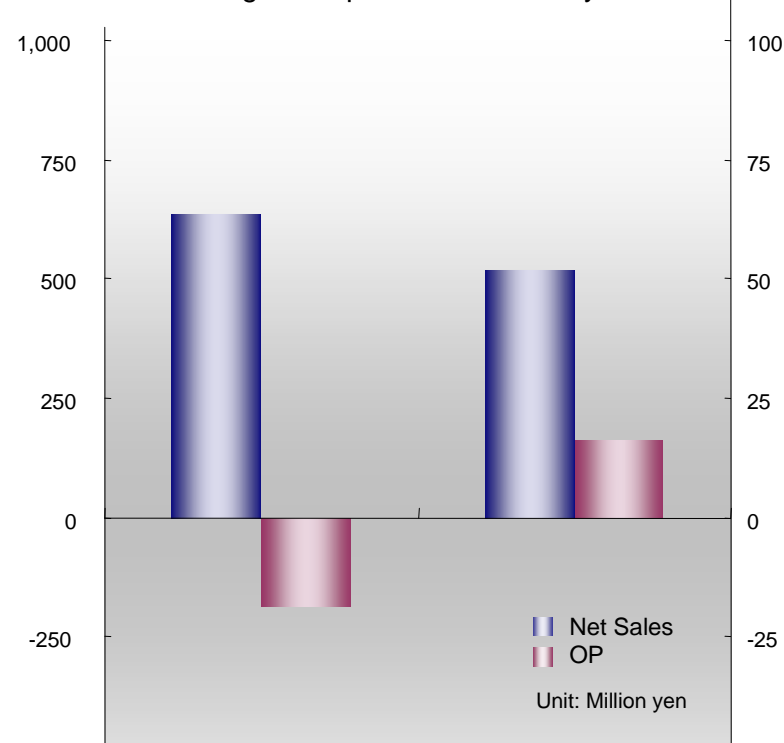
	2Q FY2009	2Q FY2010	Changes
Net Sales	1,670	517	-69.0%
OP	7	16	119.2%
OP(%)	0.4%	3.1%	—

【Earnings comparison, excluding the impact of a subsidiary transfer】

Unit: Million yen

	2Q FY2009	2Q FY2010	Changes
Net Sales	634	517	-18.4%
OP	-19	16	—
OP(%)	-2.9%	3.1%	—

【Earnings comparison, excluding the impact of a subsidiary transfer】



◆ We ensured operating income, reflecting the impact of streamlining to cut SG&A.



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# Revised Plan for the Full-Year and Second Half Results for FY2010

Unit: Million yen

	Original Forecast for Results FY2010	Revised Forecast for Results FY2010	Difference	Original Forecast 2 <sup>nd</sup> Half FY2010	Revised Forecast 2 <sup>nd</sup> Half FY2010	Difference
<b>Net Sales Segment</b>	33,780	36,971	3,191	16,138	18,936	2,798
<b>Short Term<sup>*1</sup></b>	16,254	23,091	6,837	6,742	12,353	5,611
<b>Sales Support</b>	10,841	7,332	-3,509	6,071	3,259	- 2,812
<b>Technician<sup>*2</sup></b>	4,350	4,266	- 84	2,128	2,109	- 19
<b>Security<sup>*3</sup></b>	2,335	2,283	- 52	1,196	1,215	19
<b>OP</b>	1,777	1,223	- 554	1,226	808	- 418
<b>RP</b>	1,664	1,139	- 525	1,195	777	- 418
<b>NP</b>	782	194	- 588	1,037	410	- 627
<b>EPS</b>	2,031.89	504.07	—	2,694.46	1,065.31	—

Notes) \* 1: Short Term Operational Support Business, \* 2: Technician Dispatching Business, \* 3: Security & Other Business

**◆ Although income was lower than the original forecast, we have established a profitable operating base.**

# Agenda

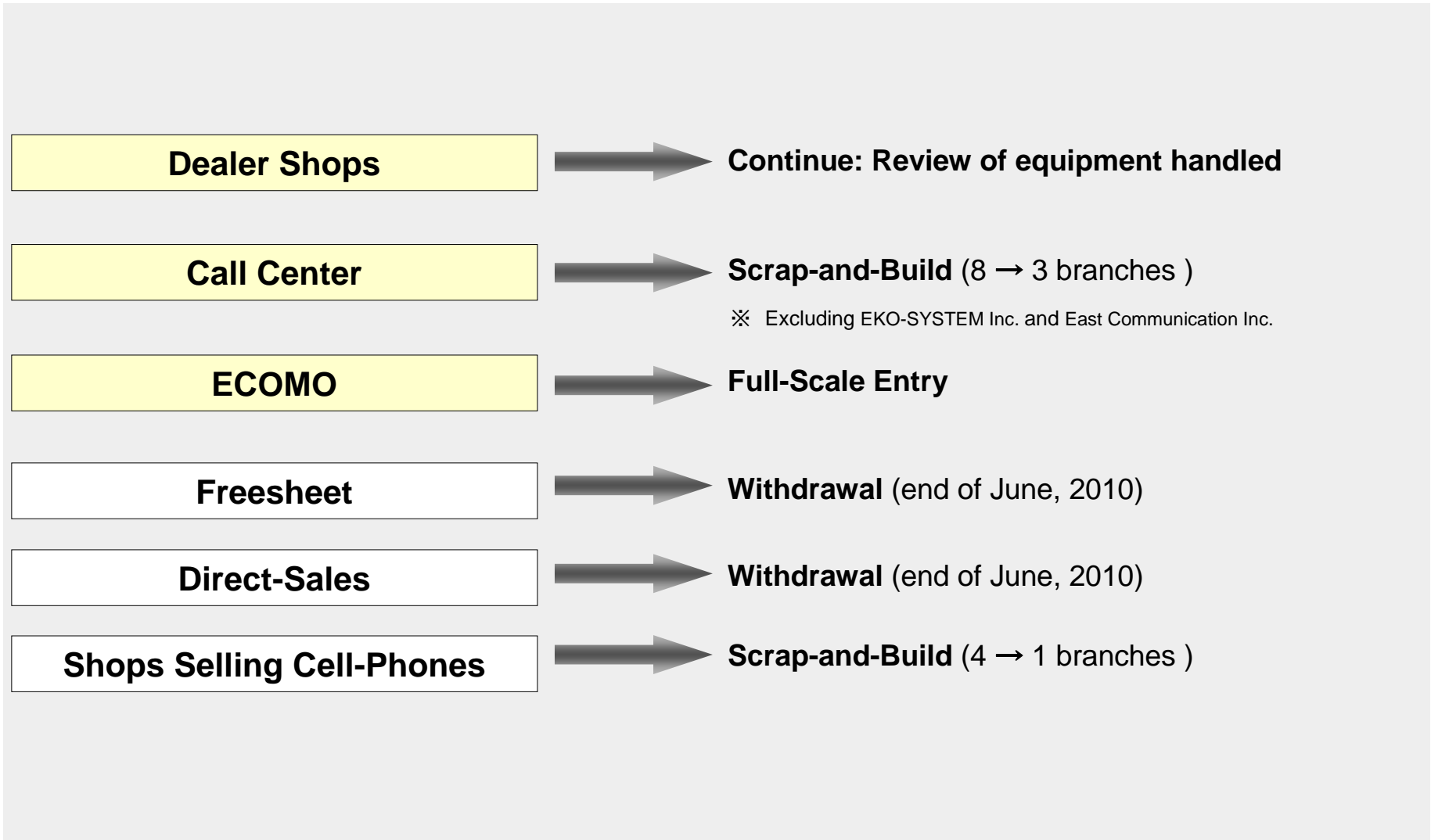
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# Framework for Rebuilding Program of Sales Support Business

- 1. Refining the Operational Focus**
- 2. Earnings Improvement Plan Focused  
upon Fixed Costs Reductions**
- 3. Commencement of Full-scale Operations  
of the Used Mobile Phone Business**

# 1. Refining the Operational Focus



## 2. Earnings Improvement Plan Focused upon Fixed Costs Reductions

### **[Improve gross profits by reviewing equipment handled]**

Withdraw from equipment with low gross margins **28 mil. yen/mth**

### **[Cutbacks in manpower] ···labor cost**

137 people → 96 people

### **[Scrap-and-Build] ···rent account**

Call-Center 8 → 3 Branches

Reduce the scale of the former Osaka headquarters (FCM)

Close the Nagoya branch (FCM)

Withdrawal; Asahikawa branch (MS)

### **[Cut other expenses] ···Promotional Cost, etc.**

Sub Total

**22 mil. yen/mth**

### **Amount of Improvement in Earnings**

**51 mil. yen/mth**

\* The above figures were calculated by a simple sum of data from five subsidiaries that belonged to the Sales Support business.

\* The amount was calculated based on the average budget per month for the fourth quarter, and the (average) results for the second quarter per month.

### 3. Commencement of Full-scale Operations of the Used Mobile Phone Business

#### 中古携帯店、FC展開

##### フルキャスト系 直営店は東阪名に

フルキャストホールディングスは、携帯電話事業を拡大する。北エー（FC）店を展開している。インテック系会社だった直営店を、携帯電話の端末代を安く販売する。東阪名に広がるほか、の高騰で中古携帯市場の販、名古屋にも直営店をた。大阪市は、中古携帯 新たにフランチャイズで 拡大が予想されている。

同社は年内にFC店を30に全国で30店程度を見込んでいる。FC店で販売や買い取りが円滑に行われるよう、買取取り価格などを示し、携帯電話のデータを多量に削除するサービスも提供している。また、中古携帯の買取取りや販売のデータを多量に削除するサービスも提供している。

直営店では一度本部に集約する。FC店が集めた端末は、同社が買い取り、拡大を見込み店舗を拡充する。中古携帯は汚れを落とし、大掃除のためFC展開を決定した。各店舗にわたる。

(Right) Article: Nikkei Ryutsu, 2010/3/10

(Above) Article: Nikkei newsletter, 2010/4/17

The media is also paying attention to the recycled mobile market.

### 3. Commencement of Full-scale Operations of the Used Mobile Phone Business

A shop that proposes new ways of buying mobile phones

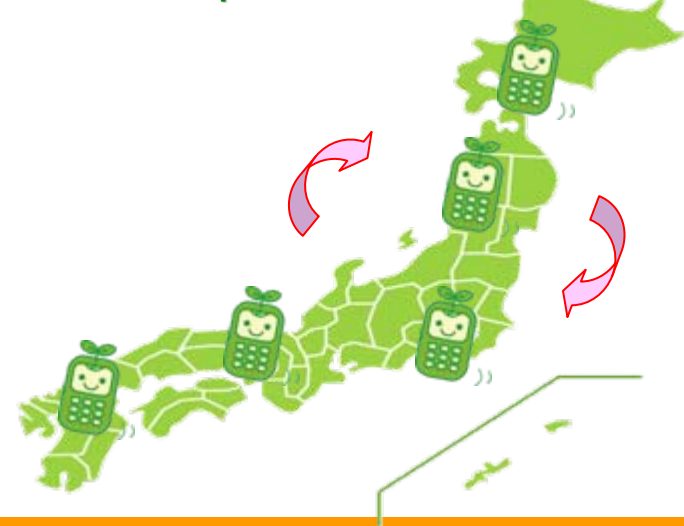


ECOMO was created to respond to customers looking for cheap, recycled mobile phones.

The strengths of ECOMO with its head office

- Large inventories
- Guarantee system that covers potential accidents
- Services involving comprehensive cleaning and data deletion
- Service that can deter problems, such as stolen products and products with illegal contracts
- System of buying up all excessive inventory, etc.

Mobile phones are collected nationwide and provided to each shop in accordance with its needs.

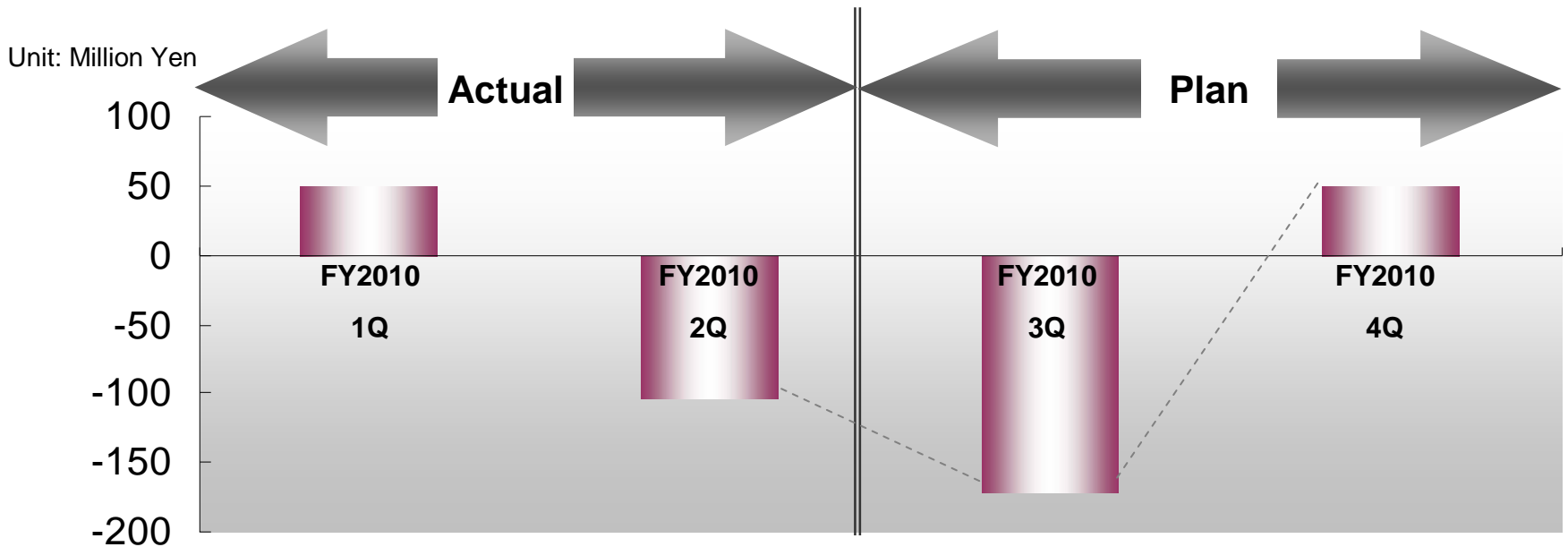


We supply of high quality recycled mobile phones nationwide!



# Sales Support Business: Plan for Operating Profit

## Operating Income



◆ Aim to make full-year operations profitable from the end of the term.

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# Amendments to the Worker Dispatch Law and Schedule for Passage

## Details of the Amendments

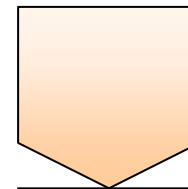
Prohibition in principle for worker dispatching with a contract of an employment term of less than two months, such as registration-type and one-day dispatching. (with some exceptions)

Prohibition in principle of dispatching workers for manufacturing operations. (excluding regular dispatching that is expected to become a long-term contract)

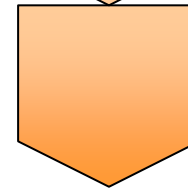
The law associated with dispatching workers for a day will become effective 6 months after the bill passes.

The law prohibiting registration-type and dispatching workers for manufacturing operations will become effective within three years of the passing of the bill, and, with the suspension of two more years, the prohibition of certain registration-type dispatching may become effective in 5 years at most.

## Schedule of the Revision

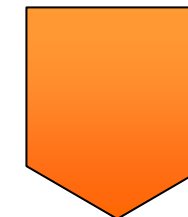


- Cabinet decision (March 19, 2010)



- Submission of the bill; Commencement of Diet deliberations
- Passage of the bill
- Passes

Transition within a period of 6 mths after legislation passes



Publication

Cabinet order and enforcement order

Enforcement

# Prospective Services of the Fullcast Group

## Provision of Services

Recruit support services, including outsourcing of recruiting and hiring, and employment placement

Employment management services, including management of employee attendance and wage calculations

Outsourcing services of daily payments

**Expand MEMU**

Management services of registered staff

Shift management services

Outsourcing services

**~We will expand the menu~  
for responding to a variety of needs  
for human resources**

Provide comprehensive services as well as the specific services necessary for all employment stages, from employment to management services.

Improve the recruiting rate and maintain experienced staff, including outsourcing the management of registered staff and shift management.

※We will aim to start the services of all of the above on the menu in October 2010, while confirming cabinet and enforcement orders issued after the legislation passes.

# FULLCAST HLDGS.



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