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To All Interested Parties

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### **First Quarter Operating Results for the Fiscal Year Ending September 2002**

Fullcast Co., Ltd. today released the operating results for the Company and the Fullcast Group for the first quarter (October 1, 2001 through December 31, 2001) of the fiscal year ending in September 2002.

#### 1. Introduction

During the Company's first quarter, Japan's economy was affected by the global slowdown in IT demand and serious adjustments in U.S. business conditions following the terrorist attacks on the U.S. in September. Declines in Japanese exports and manufacturing production also became more evident. Personal consumption remained sluggish because of deterioration in Japan's employment and income environment, as economic conditions continued to weaken. As a result distribution activity was sluggish, and Fullcast experienced a temporary slowdown in growth in the spot business market where the Fullcast Group is a leading provider of temporary personnel services.

Given this environment, Fullcast placed its priority on expanding its share of the spot business market and increasing the volume of orders received. The Company reviewed its pricing policies, specifically by adjusting high-end prices to market price levels. Fullcast also took measures to strengthen orders by pursuing qualitative improvements in its contract business, based on accurate comprehension of clients'

needs. As a result, net sales increased steadily in line with the Company's plan, but were below net sales for the same period of the prior fiscal year because of a drop in large-scale orders in the Kansai region.

Because past operating performance tends to be a decisive factor affecting orders in the factory business more than in the spot business, Fullcast developed marketing activities focused on the food and automobile-related sectors, traditionally strong markets for the Company. Fullcast achieved substantial increases in net sales in these sectors as a result.

In the technical business, Fullcast increased net sales over the same period of the prior fiscal year, which had benefited from the strength of the IT boom. Fullcast achieved this growth as a result of expanding its marketing and recruitment offices during the previous year, despite difficulties in increasing the number of orders from IT/semiconductor-related firms, the main customers in this business sector.

As a result of the net sales growth in the factory and technical businesses, net sales for the entire Fullcast Group were nearly unchanged from the same period of the prior fiscal year, despite the decline in spot business net sales as described above. Gross profit declined, however, because the change in composition of sales increased the weight of the factory business, which has a relatively low profit margin.

The Fullcast Group pursued reductions in selling, general and administrative at a pace that exceeded plan objectives. Efforts were centered on reducing staff recruiting activity expenses by downsizing back-office staff and investing in direct departments, cutting advertising expenses, actively utilizing the Call Center and salespersons and promoting WEB registration of staff. As a result, the Company was able to absorb the increase in fixed costs associated with the 20 offices opened during the past year and keep the rise in fixed costs to a minimum. When added to other results such as lower interest expense because of reduced borrowing, Fullcast achieved income from continuing operations that exceeded its plan objective, although below the level of income from continuing operations for the same period of the prior fiscal year.

## 2. Fullcast Group First Quarter Operating Results (Consolidated)

### (1) First Quarter Consolidated Net Sales

(Unit: thousand yen; rounded down)

Category \ Period	First quarter, fiscal year ending September 2002 (October 1, 2001 – December 31, 2001)	First quarter, fiscal year ending September 2001 (October 1, 2000 – December 31, 2000)	Change (%)
Spot Business	4,126,629	4,628,451	- 10.8
Factory Business	1,059,637	714,070	48.4
Technical Business	819,459	729,348	12.4
Other Services	134,454	80,053	68.0
Total	6,140,181	6,151,923	- 0.2

Notes 1. The figures shown above do not include consumption tax.

2. Business classifications are based on classifications used for internal management.

3. Segments by type of business

(1) Spot Business .....Temporary contractual services, dispatch of temporary staff

(2) Factory Business.....Factory line contractual services

(3) Technical Business...Technical operations contractual services, dispatch of  
technical staff

(4) Other Services.....Telecommunications-related services, other

4. Consolidated net sales figures are unaudited.

(2) First Quarter Consolidated Statements of Income

(Unit: Thousand yen; rounded down)

Item	First quarter, fiscal year ending September 2002 (October 1, 2001 – December 31, 2001) (A)		First quarter, fiscal year ending September 2001 (October 1, 2000 – December 31, 2000) (B)		Change compared to same period of the prior fiscal year				
	Amount	Percent	Amount	Percent	Amount (A) – (B)	Percent change			
I Net sales		6,140,181	100.0		6,151,923	100.0		- 11,742	- 0.2
II Cost of sales		4,201,359	68.4		4,000,049	65.0		201,310	5.0
Gross Profit		1,938,821	31.6		2,151,873	35.0		- 213,052	- 9.9
III Selling, general and administrative expenses		1,519,554	24.8		1,318,488	21.5		201,065	15.2
Operating income		419,267	6.8		833,385	13.5		- 414,117	- 49.7
IV Other income									
1. Interest and dividend income	4,612			482			4,129		
2. Rental income	34,682			38,079			- 3,397		
3. Profit on investment in anonymous partnerships	10,265			-			10,265		
4. Profit on investments accounted for using the equity method	183			-			183		
5. Other	16,279	66,022	1.1	16,389	54,951	0.9	- 110	11,070	20.1
V Other expenses									
1. Interest expense	21,863			51,890			- 30,026		
2. Amortization of software	15,000			12,500			2,499		
3. Loss on investments accounted for using the equity method	-			41,983			- 41,683		
4. Other	13,122	49,985	0.8	6,192	112,266	1.8	6,930	- 62,280	-55.5
Income from continuing operations		435,304	7.1		776,070	12.6		- 340,766	-43.9

Notes 1. Extraordinary income and loss and other items necessary to calculate net income have been omitted from the Statements of Income shown above.

2. The percent change shown in the column showing the change compared to the same period of the prior fiscal year was calculated as follows.

$$\text{Percent change} = \frac{(\text{A}) \text{ Operating results for Q1 of current fiscal year} - (\text{B}) \text{ Operating results for Q1 of prior fiscal year}}{(\text{B}) \text{ Operating results for Q1 of prior fiscal year}} \times 100$$

3. Figures shown above are unaudited

### 3. Fullcast Group First Quarter Operating Results (Company)

#### (1) First Quarter Company Statements of Income

(Unit: Thousand yen; rounded down)

Item	First quarter, fiscal year ending September 2002 (October 1, 2001 – December 31, 2001) (A)		First quarter, fiscal year ending September 2001 (October 1, 2000 – December 31, 2000) (B)		Change compared to same period of the prior fiscal year		
	Amount	Percent	Amount	Percent	Amount (A) – (B)	Percent change	
I Net sales	3,680,304	100.0	4,177,114	100.0	– 496,810	– 11.9	
II Cost of sales	2,405,710	65.4	2,657,010	63.6	– 251,310	– 9.5	
Gross Profit	1,274,593	34.6	1,520,104	36.4	– 245,510	– 16.2	
III Selling, general and administrative expenses	940,675	25.5	910,020	21.8	30,654	3.4	
Operating income	333,918	9.1	610,084	14.6	– 276,165	– 45.3	
IV Other income							
1. Interest and dividend income	5,043		588		4,455		
2. Rental income	46,730		42,643		4,086		
3. Profit on investment in anonymous partnerships	10,265		–		10,265		
4. Other	10,779	72,818	2.0	16,313	59,546	1.4	
					– 5,534	13,271	22.3
V Other expenses							
1. Interest expense	20,054		49,958		– 29,903		
2. Amortization of software	15,000		12,500		2,499		
3. Other	12,110	47,164	1.3	4,616	67,074	1.6	
					7,494	– 19,909	– 29.7
Income from continuing operations		359,571	9.8		602,556	14.4	
						– 242,984	– 40.3

Notes 1. Extraordinary income and loss and other items necessary to calculate net income have been omitted from the Statements of Income shown above.

2. The percent change shown in the column showing the change compared to the same period of the prior fiscal year was calculated as follows.

$$\text{Percent change} = \frac{(\text{A}) \text{ Operating results for Q1 of current fiscal year} - (\text{B}) \text{ Operating results for Q1 of prior fiscal year}}{(\text{B}) \text{ Operating results for Q1 of prior fiscal year}} \times 100$$

3. Figures shown above are unaudited

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