

# FULLCAST HOLDINGS

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**Business Results for the 3<sup>rd</sup> Quarter  
of the Fiscal Year Ending September 2009**



# Agenda

- ◆ **Business Highlights of the 3rd Quarter  
(Apr.- Jun. 2009)**
- ◆ **Progress of New Three-Year Plan**
- ◆ **Results by Business Segments**
- ◆ **Projections for the FY Ending September 2009**

# Business Results for the 3<sup>rd</sup> Quarter FY Sep. 2009

Unit: Million yen

	3rd Quarter FY September 2008	3rd Quarter FY September 2009	Comparison of changes
Net sales	24,651	<b>12,107</b>	-50.9%
Gross profit	6,105	<b>2,521</b>	-58.7%
Selling, General and Administrative Expenses	5,677	<b>2,794</b>	-50.8%
Operating income	428	<b>-273</b>	—
Operating income ratio	1.7%	<b>-2.3%</b>	—
Ordinary income	358	<b>-367</b>	—
Net income for the 3rd Quarter	-137	<b>-2,943</b>	—

Capital investment

201	<b>33</b>
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\*All shares of Asia Pacific System Research Co., Ltd. were transferred in the first quarter of FY9/09, all shares of Info-P Co., Ltd. were transferred in the second quarter of FY9/09 and all shares of Fullcast Finance Co., Ltd., Fullcast Factory Co., Ltd. and Fullcast Central Co., Ltd. were transferred in the third quarter of the FY9/09.

**Change in consolidated net sales year on year,  
excluding the impact of the subsidiary transfer: declined by 40.5%**

## Details of Extraordinary Profits and Losses in the 3<sup>rd</sup> Quarter of FY Sep. 2009

Unit: Million yen

Gain on sales of subsidiaries and affiliates' stocks 295

Other 189

**Extraordinary income 484**

Loss on loan write-off 950

Loss on the transfer of receivables 950

Special retirement expenses 368

Loss on sales of stocks of subsidiaries and affiliates 294

Loss on closing of stores 182

Extraordinary loss 311

**Extraordinary loss 3,055**

**Extraordinary income / loss -2,571**

# Changes in Our Balance Sheet for the 3<sup>rd</sup> Quarter FY Sep. 2009

Unit: Million yen

		As of Mar. 31 2009	As of Jun.30 2009	Increase and decrease	Compara- -son of changes	備考
<b>Current assets</b>		17,602	13,989	<b>-3,613</b>	-20.5%	Cash and deposits decreased by 805 million yen. Trade notes and accounts receivables decreased by 1,939 million yen.etc.
<b>Fixed assets</b>	<b>Tangible assets and Intangible assets</b>	3,658	3,375	<b>-283</b>	-7.7%	
	<b>Investment and other assets</b>	3,190	2,687	<b>-504</b>	-15.8%	Guarantee deposits decreased by 361 million yen.etc.
<b>Total assets</b>		24,451	20,051	<b>-4,400</b>	-18.0%	
<b>Current liabilities</b>		14,071	12,680	<b>-1,391</b>	-9.9%	Short-term borrowings decreased by 40 million yen. Accrued expenses payable decreased by 936 million yen.etc.
<b>Fixed liabilities</b>		4,244	3,568	<b>-676</b>	-15.9%	Long-term borrowings decreased by 510 million yen. Accrued retirement benefit decreased by 142 million yen.etc.
<b>Total net assets</b>		6,136	3,803	<b>-2,333</b>	-38.0%	
<b>Liabilities and net assets</b>		24,451	20,051	<b>-4,400</b>	-18.0%	

## Consolidated Cash Flows

3rd Quarter FY/2009

3rd Quarter Aggregate  
Period FY/2009

Cash flows from operating activities

△ 628

1,241

Cash flows from investing activities

△ 194

△ 438

Cash flows from financing activities

16

△ 3,923

Cash and cash equivalents end of period

△ 805

6,757

Free cash flows

△ 821

802

## Results by Business Segment for the FY September 2009

### 【External environment】

- Employment conditions continued to deteriorate and the sense of excess employment remained strong, creating difficult conditions for the human resources services industry.

### 【Net sales】

- Sales of communications equipment remained strong in the office business and demand for dispatching to retail and service industries was also robust in the spot business. In contrast, demand for other factory and technology dispatching declined with the economic downturn.
- Net sales decreased with the exclusion from consolidation of subsidiaries whose shares had been transferred.

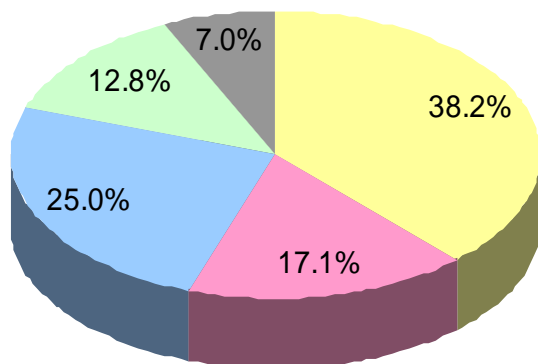
### 【Profits】

- While a consolidated operating loss was incurred due to the impact of the decline in sales, activities to reduce SG&A expenses were taken at the end of May 2009, including the reduction of our workforce through the solicitation of voluntary retirement and consolidation of branch offices for the spot business. Consequently a recovery in profits from June was observed.

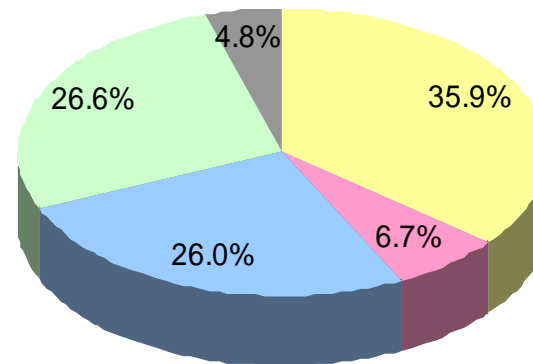
### 【Net Profits】

- Extraordinary losses were posted due to the implementation of restructuring measures, which were announced in the “New Three-Year Plan” (disclosed on May 8, 2009).

Net sales by segment for the 3<sup>rd</sup> Quarter  
FY/2008



Net sales by segment for the 3<sup>rd</sup> Quarter  
FY/2009

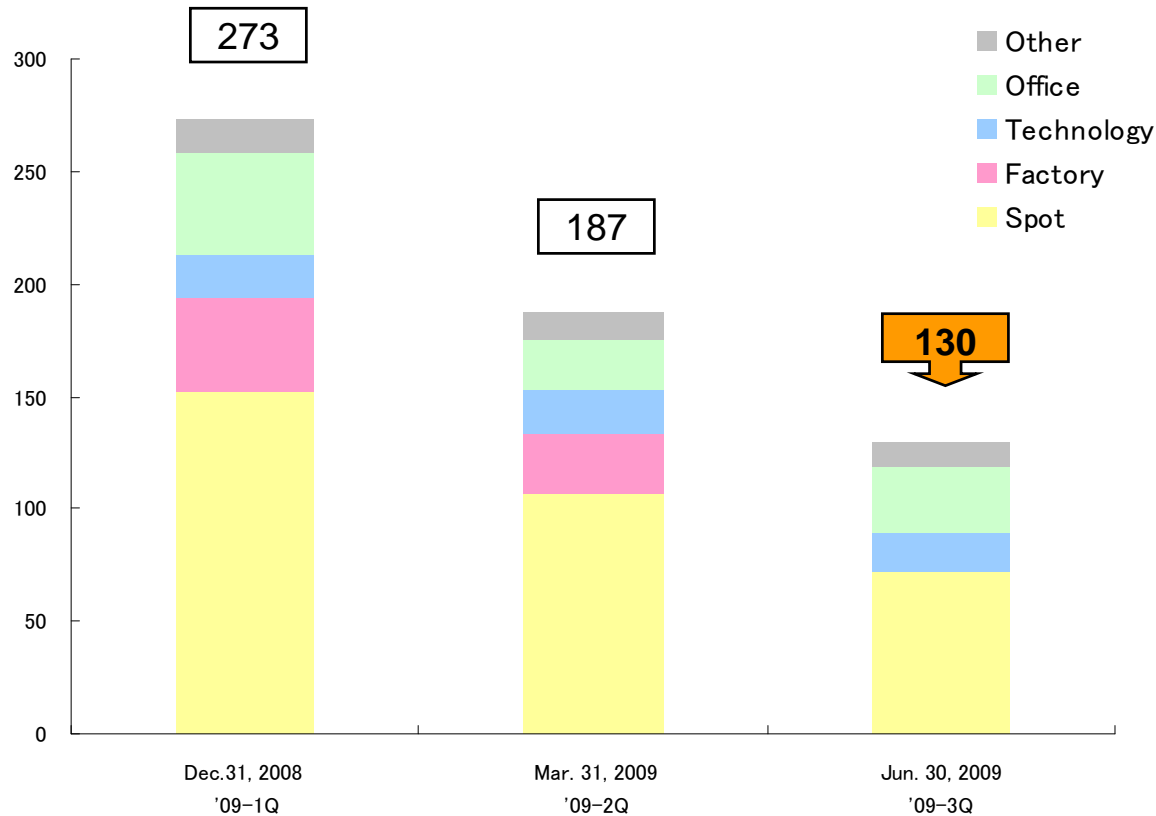


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# Progress of New Three-Year Plan -Number of Branch Offices-

Trend in Number of Branch Offices

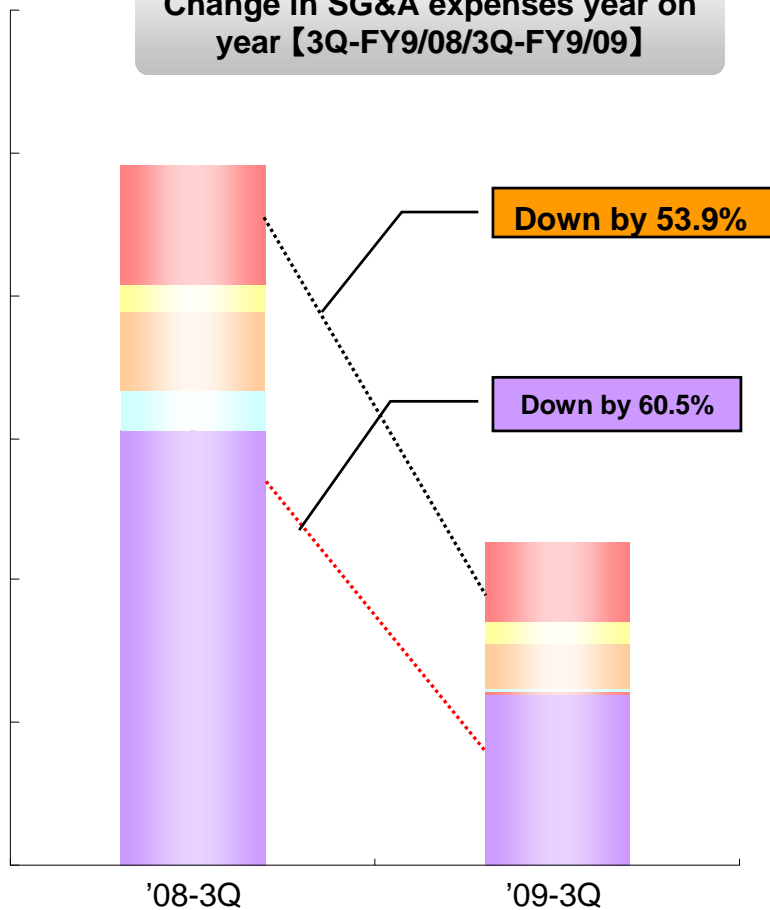


- ◆ Large-scale consolidation of branch offices was implemented mainly for the spot business
- ◆ The number of offices decreased with the transfer of Fullcast Finance Co., Ltd., Fullcast Factory Co., Ltd. and Fullcast Central Co., Ltd.

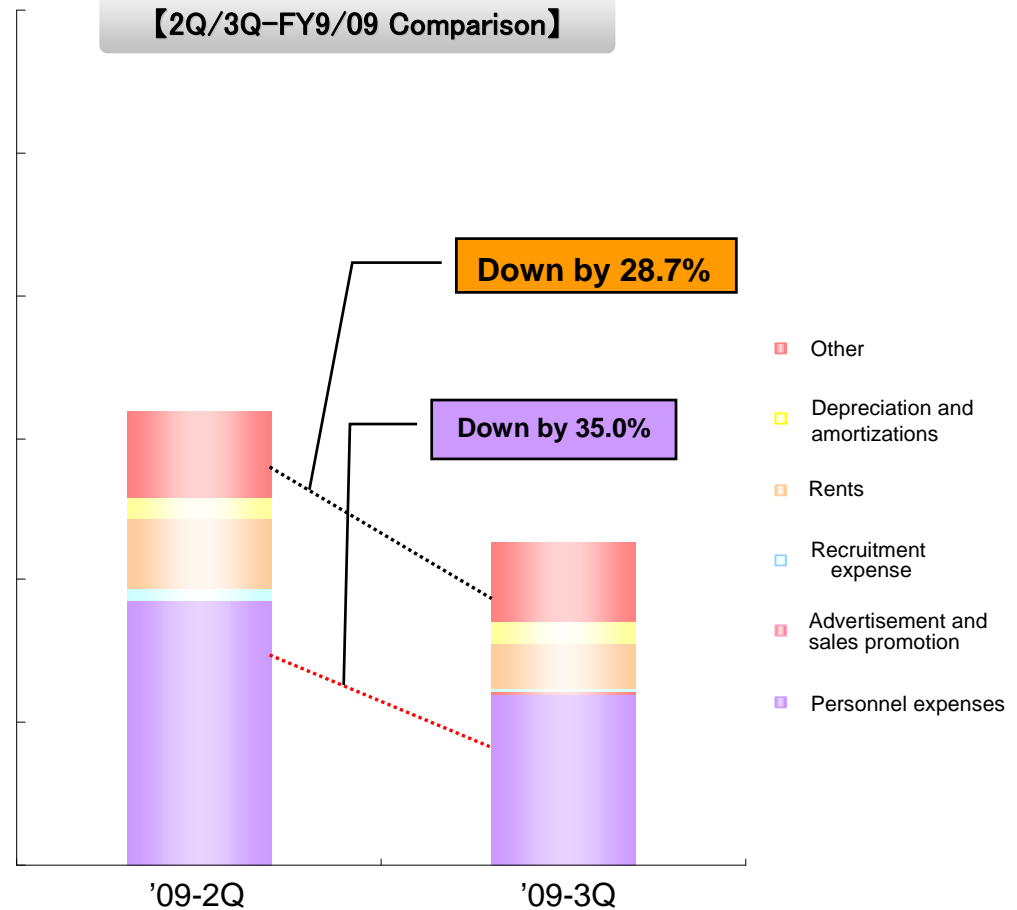


# Progress of New Three-Year Plan - SG&A expenses ( Spot business ) -

Change in SG&A expenses year on year [3Q-FY9/08/3Q-FY9/09]



[2Q/3Q-FY9/09 Comparison]



- ◆ 53.9% year on year decline in the spot business (down by approx.1.300 billion yen), 28.7% decline compared with the second quarter of FY9/09
- ◆ 15.3% reduction for the entire group as compared with the second quarter of FY9/09 \*Except for SG&A expenses for transferred subsidiaries
- ◆ Workforce reduction of 276 people at Fullcast Co., Ltd.
- ◆ Reduction of 35 offices for the spot business, and 57 offices for the entire group in the third quarter \*Including offices of transferred subsidiaries.

## Progress of New Three-Year Plan -Financial Restructuring-

Implementation time	Disclosure date	Description	Business segment
May 8, 2009	May 8, 2009	All shares of Fullcast Finance Co., Ltd. transferred	Other
June 1, 2009	June 1, 2009	All shares of Fullcast Factory Co., Ltd. transferred	Factory
June 12, 2009	June 11, 2009	All shares of Fullcast Central Co., Ltd. transferred	Factory
August 3, 2009	July 17, 2009	All shares of Net It Works Inc. transferred	Technology
August 6, 2009	July 16, 2009	Fixed asset (Fullcast Building) sold	Consolidated as a whole

\*Some include the technology business

- ◆ Reorganization of businesses will be conducted based on the “New Three-Year Plan” from the third quarter forward
- ◆ The business domain will be concentrated on the “short-term human resources outsourcing business” and the “sales outsourcing business”
- ◆ Earnings capabilities will be enhanced through a more refined business focus

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## Spot Business: Earnings Comparison

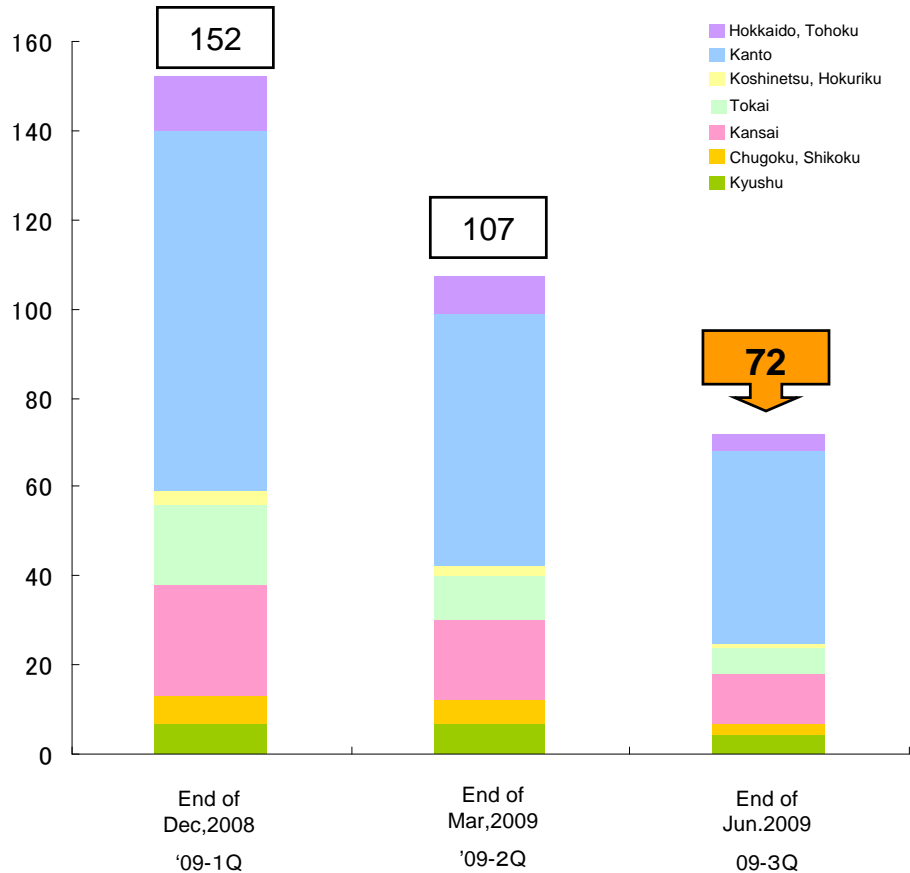
Unit: Million yen

	3rd Quarter FY September 2008	3rd Quarter FY September 2009	Comparison of changes
Net sales	9,408	4,348	-53.8%
Operating income	514	-14	—
Operating income ratio	5.5%	-0.3%	—

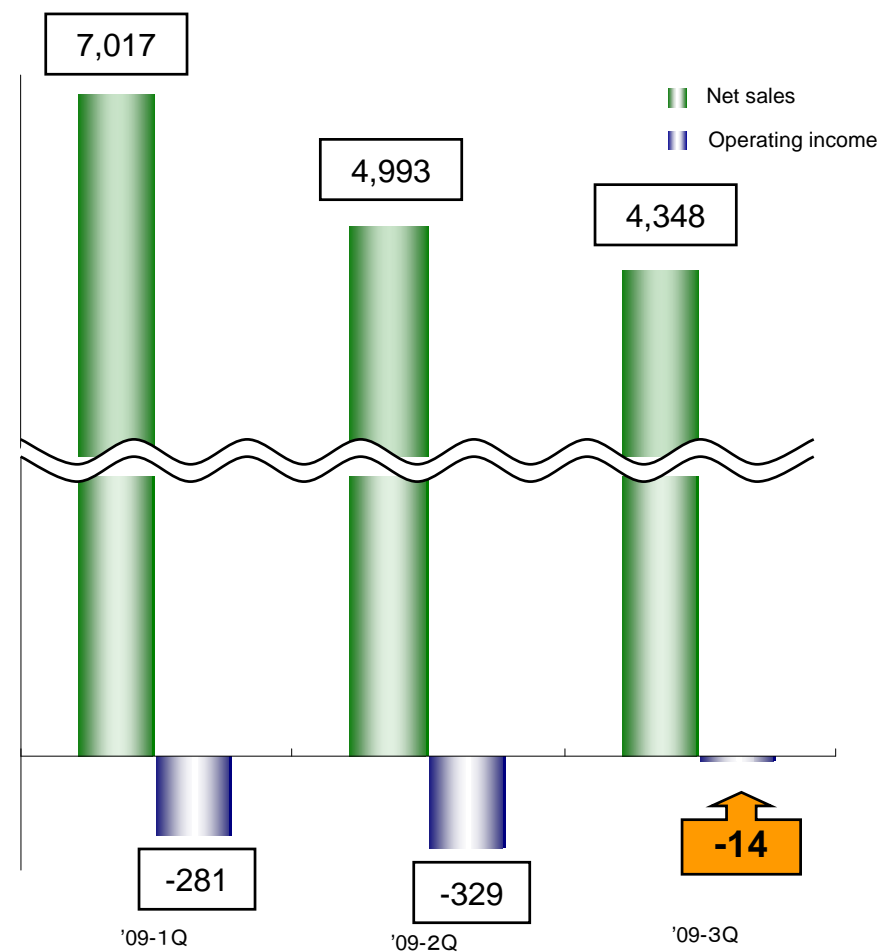
- ◆ Net sales fell year on year due to the continued negative impact of the economic downturn
- ◆ Efforts to enhance profitability were implemented including restructuring measures such as solicitation of voluntary retirement, and consolidation of branch offices
- ◆ Profits began to recover from June 2009 due to the effects of restructuring
- ◆ Efficient sales and operation systems were established and the profit structure was improved by reductions in the number of regional offices and consolidating neighboring offices in major city areas

# Spot Business: Office Numbers, Sales and Profits

## Spot Business Office Numbers



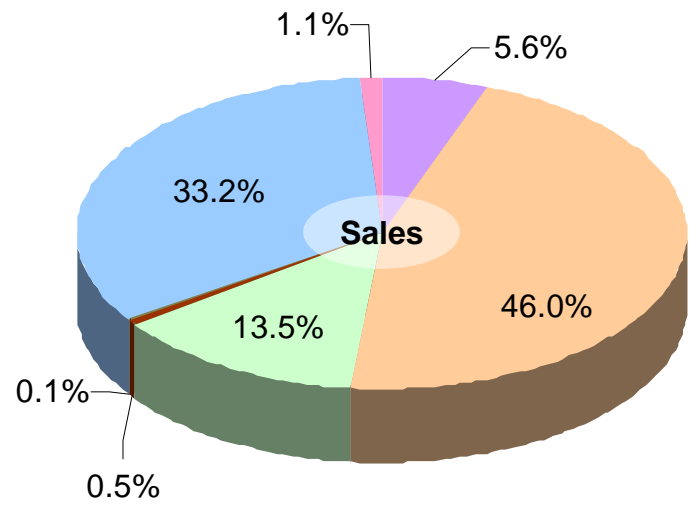
## Spot Business Sales and Profits



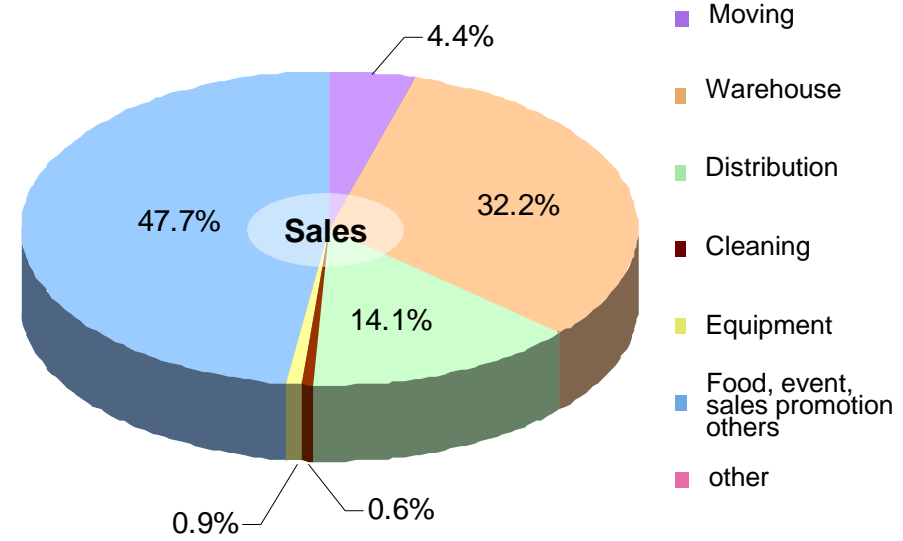
- ◆ SG&A expenses were cut significantly through the consolidation of offices and reduction of workforce
- ◆ Our operating losses were reduced

# Spot Business: Sales Distribution by Industry

### 3<sup>rd</sup> Quarter FY/2008



### 3<sup>rd</sup> Quarter FY/2009



- Moving
- Warehouse
- Distribution
- Cleaning
- Equipment
- Food, event, sales promotion others
- other

**20.7%**

**Share of Our Top 20 Clients**

**22.7%**

### 3<sup>rd</sup> Quarter FY/2008

### 3<sup>rd</sup> Quarter FY/2009

## Factory Business: Earnings Comparison

Unit: Million yen

	3rd Quarter FY September 2008	3rd Quarter FY September 2009	Comparison of changes
Net sales	4,215	812	-80.7%
Operating income	43	-169	—
Operating income ratio	1.0%	-20.8%	—

- ◆ On June 1 and 12, 2009, all shares of Fullcast Factory Co., Ltd. and Fullcast Central Co., Ltd. were transferred to a third parties respectively
- ◆ Sales and earnings declined due to the exclusion of the above two companies from the scope of consolidation effective June 1, 2009

## Technology Business: Earnings Comparison

Unit: Million yen

	3rd Quarter FY September 2008	3rd Quarter FY September 2009	Comparison of changes
Net sales	6,156	<b>3,150</b>	-48.8%
Operating income	95	<b>14</b>	-84.9%
Operating income ratio	1.5%	<b>0.5%</b>	—

- ◆ Sales of the contract development department, engaged in the establishment of communications base stations and other IT infrastructure building, remained steady
- ◆ The engineer assignment department experienced a decline in sales, reflecting the cancellation in contracts and reductions in contract prices
- ◆ Sales decreased with the exclusion of Asia Pacific System Research Co., Ltd. and the technology departments of Fullcast Central Co., Ltd. from consolidation due to the transfer of shares
- ◆ In the assignment department, personal expenses, recruitment costs, and other costs were cut significantly

**Change in net sales year on year excluding the impact of the subsidiary transfer: fell by 28.8%**



## Office Business: Earnings Comparison

Unit: Million yen

	3rd Quarter FY September 2008	3rd Quarter FY September 2009	Comparison of changes
Net sales	3,143	<b>3,216</b>	2.3%
Operating income	90	<b>-0</b>	—
Operating income ratio	2.9%	<b>-0.0%</b>	—

- ◆ In sales outsourcing, sales of communications equipment were steady
- ◆ In office worker dispatching, sales decreased due to the continued impact of the economic downturn
- ◆ Earnings fell because of increases in SG&A expenses, such as personnel expenses following the establishment of Telecom Marketing Co., Ltd. in the sales outsourcing business and the impact of declines in sales of office worker dispatching

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## Forecast for Performance of Fiscal Year Ending September 30, 2009

Unit: Million yen

	Results of 3rd Quarter Aggregate Period of FY ending September 2009	Revised forecast for all of FY ending September 2009	Rate of progress
Net sales	<b>46,871</b>	<b>57,573</b>	81.4%
Spot Business	<b>16,358</b>	<b>20,860</b>	78.4%
Factory Business	<b>6,662</b>	<b>6,662</b>	100.0%
Technology Business	<b>11,616</b>	<b>14,107</b>	82.3%
Office Business	<b>8,114</b>	<b>11,162</b>	72.7%
Other Business	<b>4,121</b>	<b>4,782</b>	86.2%
Operating income	<b>-869</b>	<b>-515</b>	-
Ordinary income	<b>-1,053</b>	<b>-778</b>	-

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

# FULLCAST HLDGS.



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