



November 4, 2008

Summary of Consolidated Earnings Report for the Interim Period of the Fiscal Year Ending March 31, 2009

Company Name: Backs Group Inc. (URL: <http://www.backs.co.jp/>)
Code Number: 4306
Stock Listings: JASDAQ
Head Office: 1-19-19 Ebisu, Shibuya-ku, Tokyo
Representative: Tsutomu Okada (President)
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Board of Director's meeting: November 4, 2008
Use of U.S. accounting standards: No

1. Consolidated Results for the Interim of the fiscal year Ending March FY2009 (April 1, 2008 - September 30, 2008)

(1) Business Results (Millions of yen, rounded down; %)

	Net Sales	Operating Income	Ordinary Income	Net Income
	%	%	%	%
FY09 Interim	6,421 (—)	135 (—)	135 (—)	13 (—)
FY08 Interim	5,539 (13.9)	168 (12.9)	165 (11.3)	92 (7.2)

	Net Income per Share (yen)	Net Income per Share (Diluted) (yen)
FY09 Interim	100 54	100 35
FY08 Interim	671 46	671 10

(2) Changes in the Company's Financial Condition (Millions of yen, rounded down; %)

	Total Assets	Shareholders' Equity	Equity Ratio	Shareholders' equity per share
			%	(¥mn)
FY09 Interim	2,790	1,621	58.1	12,054 23
FY08 Interim	2,994	1,655	55.2	12,333 68

References Equity capital FY2009 Interim 1,614 million FY2008 1,652 million

2. Dividends

(Record Date)	Dividend per share				
	1Q	2Q	3Q	4Q	Full year
	yen	yen	yen	yen	yen
FY2008	—	0.00	—	380.00	380.00
FY2009	—	0.00	—	—	—
FY2009 (forecast)	—	—	—	540.00	540.00

References Revision of dividend forecast in this term: None

3. Forecasts for Fiscal Year 2008 (April 1, 2007 - March 31, 2008)

(Values in parentheses are rates of growth or decline compared to the previous year)

	Net Sale		Operating Income		Ordinary Income		Net Income per Share		Net Income per Share (yen)	
Full year	13,762	16.9 %	479	18.5 %	479	19.3 %	215	2.1 %	(¥mn) 1,604.79	

4. Others

(1) Changes in important subsidiaries during the fiscal year (Changes to designated companies that fall within the amended scope of consolidation): None

(2) Adoption of simplified accounting method or accounting methods specific to quarterly consolidated financial statements: None

(3) Changes in accounting principles, procedures, presentation methods, relating to the preparation of quarterly consolidated financial statements (Items stated under Changes in the Significant Assumptions Underlying the Preparation of the Quarterly Consolidated Financial Statements)

① Changes accompanying changes in accounting standards: Yes

② Changes other than those stated above: Yes

Note For details please refer to 4. Others of Qualitative Information/Consolidated Financial Statements on page 4.

(4) Number of Share outstanding (Common stock)

① Number of Shares outstanding at the end of fiscal year (Included treasury stock)

FY2009 2Q 148,515 shares FY2008 148,515 shares

② Number of shares outstanding at the end of the fiscal year

FY2009 2Q 14,541 shares FY2008 14,541 shares

③ Average number of shares during the period (For the current consolidated first quarter)

FY2009 2Q 148,515 shares FY2008 2Q 148,515 shares

Note Forecasts contained in this report are based on information available at the time of this announcement, and assume that unknown factors may affect future performance. Actual results may differ significantly due to a variety of factors.

【Qualitative Information and Financial Statements】

1. Qualitative Information on Consolidated Business Results

During the period under review, the Japanese economy, in the midst of the continual fall in stock markets due to the disruption of the financial markets stemming from the subprime mortgage loan crisis, witnessed successive hikes in the prices of petroleum products and foods against the backdrop of soaring crude oil and materials prices, growing reticence on the part of corporate capital investments as well as personal consumption and the improvement trends in the employment situation coming to a standstill. Consequently, prospects for the economy have become increasingly uncertain.

The mobile telecommunications industry, the principal market in which the Backs Group operates, achieved robust growth from 80.4% to 89.7% in the percentage of subscriptions for third-generation (3G) handsets. The number of mobile phone subscriptions was 104,830,000 in September 2008, 5.5 % more than in the corresponding period of the previous fiscal year.^{*1} On the other hand, competition for customers is becoming increasingly fierce as reflected in the introduction of low-fee services and the provision of music, video and other contents services, while the intervals at which customers replace their mobile terminals have become longer due in part to the spread of installment sales schemes.

With regard to the digital consumer electronics industry, as the growth of the number of broadband subscribers stalled with 33,080,000 internet connection services contracts^{*2} as of the end of June 2008, demand for fiber-optic communications services has also increased, while a marked decreasing trend in digital subscriber's line services has been noted.

In the credit card industry, the number of cards issued as of the end of March 2007, rose 1.2% year-to-year to 292.66 million; by type of issuer, 114.24 cards were issued by banks, 85.4million cards were issued by retailers, 62.16 million cards were issued by shinpan credit companies and 5.04 million cards were issued by gasoline retailers.^{*3} Growth has slowed down in the credit. Due to the new money lending regulations that went into effect in December 2006, which reduced the maximum allowable interest rate, the trend of reviewing the sales promotion strategies is continuing among some card companies, in spite of the full-scale issuance of cards in affiliation with companies outside the card industry and through other means.

Under these circumstances, we opened new offices in the Tokyo metropolitan area in order to improve convenience for job seekers and opened the Okinawa office to meet customer needs during the second quarter. On the other hand, we absorbed two subsidiaries whose business areas and activities overlapped with the Company on October 1, 2008, with the aim of concentrating business resources and improving the efficiency of management of the Backs Group as a whole.

Net sales for the second quarter reached an all-time high thanks to large-scale contracts which had become fully operational from the previous fiscal year in the digital consumers electronics and other consumer products fields and the strong performance by the temporary staffing business intended for the music industry, despite the substantial fall in sales generated by two subsidiaries.

In terms of profits, continued strong performance by high-margin, large-scale contracts in the digital consumer electronics fields and the sustained effects of the measures to enhance the registered staff utilization rate since the previous fiscal year were offset by some low-margin digital consumer electronics contracts which diminished profitability and by the portal site business launched by our subsidiary in the previous fiscal year which turned unprofitable. For these reasons, the gross profit margin decreased 0.5 points year on year. On the other hand, the percentage of selling, general and administrative expenses increased 0.4 points year on year, as a result of the increase in the number of personnel especially due to the recruitment of new graduates, and the growing initial costs arising from the opening of new offices, in addition to the burden of operating costs of our subsidiary's portal site business. As a result of these efforts, consolidated net sales for the Interim of fiscal year 2009 were ¥6,421 million (up 15.9%

from the previous fiscal year). Ordinary income was ¥135 million (decrease 18.4%), and net income was ¥13 million (decrease 85.4%).

Notes:

- *1 Source: Calculations based on Telecommunications Business Association report “Numbers of Mobile Phone/IP Connection Services/PHS/Wireless Call Contracts.”
- *2 Source: Calculations based on Ministry of Internal Affairs and Communications’ report “Trends in Numbers of Users of Internet Connection Services, etc (as at June 2007)” (latest data September 17, 2008).
- *3 Source: Calculated based on the Japan Consumer Credit Industry Association, “Numbers of Credit cards Issued by Sector (Actual results)”

< Results by Major Segment >

(1) By business segment

(a) Outsourcing

In the outsourcing operations, despite strong performances by large-scale contracts in the digital consumer electronics and other consumer products fields that became fully operational in the previous fiscal year, as a result of the switch in the type of employment in the mobile telecommunications segment from outsourcing contracts to temporary staffing contracts, interim net sales was 2,726 million yen (34.0% decrease year on year) とまり、 and operating income was 129 million yen (39.8% decrease year on year).

(b) Temporary staffing

In our temporary staffing business, due to the robust sales recorded by our temporary staffing operations intended for the music industry, in addition to the switch in the type of employment contracts of our mobile telecommunications clients, interim net sales reached 3,695 million yen (162.5% increase year on year) and operating income also reached 130 million yen (200.3% increase year on year).

(2) By region

(a) Kanto region*1

As a result of strong sales in the digital consumer electronics and new consumer fields such as operations intended for the entertainment industry, interim sales in the Kanto area reached 3,929 million yen (26.2% increase year on year).

(b) National*2

Nationally, expanded businesses in the digital consumer electronics and other consumer products fields led to strong sales, which more than compensated for the diminished campaign demands in the mobile telecommunications and financial services segments, resulting ultimately in interim net sales of 2,492 million yen (2.8% increase year on year).

(3) By customer industry

(a) Mobile telecommunications*3

In the mobile telecommunication segment, we continued to capture demand from telecommunication carriers and agents and increase the utilization rate of our full-time staff. However, the transfer of our temporary staff as official employees to our client companies during the previous second half and our failure to compensate for the decrease in sales generated by two subsidiaries resulted in net sales of 3,310 million yen (8.9% decrease year on year).

(b) Digital consumer electronics*4

In the digital consumer electronics segment, strong showings by large-scale contracts, which became fully operational in the previous year and dramatic increases in sales stemming from orders from existing clients as well as orders placed by new clients resulted in interim net sales to reach 1,800 million yen (51.6% increase year on year).

(c) Financial services*5

In the financial segment, sales are on a recovery trend, as we have captured a number of large-scale contracts through our continuous efforts to receive orders from existing blue-chip customers. However, as they become fully operational only from the second quarter, we have failed to cover the decrease in demand in the first quarter, resulting

in the second quarter net sales of 395 million yen (12.6% decrease year on year).

(d) New Sectors*6

In the other consumer products segment, in addition to robust sales from new businesses including temporary staffing to sales channels and the music industry, the increased receipt of orders from new clients resulted in interim net sales of 915 million yen (242.6% increase year on year).

Notes:

*1: Includes Tokyo, Kanagawa, Saitama, Chiba, Ibaraki, Tochigi, Gunma and Niigata.

*2: Indicates all other regions not listed in note (1) above.

*3: Indicates all mobile telecommunications customers, including carriers and agents.

*4: Indicates manufacturers of personal computers and digital consumer electronics (printers, digital cameras, security software, etc.), as well as broadband service (ADSL, optical fiber) providers.

*5: Indicates the financial industry such as banks and credit-card firms

*6: Indicates consumer products manufacturers, apparel companies, and call centers excluding 3, 4, 5, above.

2. Quantitative Information on Consolidated Financial Conditions

① Assets, liabilities, and capital

Total assets as of the end of the second quarter were ¥2,790 million, a decrease of ¥204 million from last year, partly due to the ¥192 million reduction in accounts receivable, the ¥42 million write-down of investment securities and an impairment loss in the amount of ¥27 million. Liabilities decreased by ¥170 million from the previous term-end to ¥1,168 million due to the decrease in income taxes payable and the reduction in accrued expenses. In addition, shareholders' equity decreased by ¥37 million from last year to ¥1,614 million.

② Statement of Cash Flows

At the end of the second quarter, the balance of cash and cash equivalents (hereinafter "cash") on a consolidated basis was ¥871 million (up 5.0% from last year) due to the decrease in cash attributable to outlays associated with the payment of income taxes, the payment of dividends, etc. which offset the increase in cash attributable to the declaration of income before income taxes and minority interests for the quarter, the reduction in accounts receivable, etc.

(Cash flow in operating activities)

Cash used in operating activities during the current first quarter was ¥112 million (increase of 53.4% compared to the previous second quarter). This was due mainly to the decrease in accounts receivable by ¥192 million, the reduction in accrued expenses by ¥59 million and outlays associated with the payment of income taxes in the amount of ¥142 million, while income before income taxes and minority interests for the quarter totaled ¥60 million.

(Cash flow in investing activities)

Cash used in investing activities during the current interim was ¥22 million (decrease of 72.2% compared to the previous first quarter). This was due mainly to the payment of 15 million yen in the form of deposits and guarantees deposited in conjunction with the opening of new office, and payments of 9 million yen and others for the acquisition of software to upgrade the Company's infrastructure.

(Cash flow in financing activities)

Cash used in financing activities during the current interim was ¥46 million (decrease of 91.0% compared to the previous first quarter). This was due mainly to the payment of 46 million yen as dividend payment.

3. Quantitative Information on Consolidated Results Forecast

The Company revised its consolidated earnings forecast as stated in the "Notice on Extraordinary Losses and

Extraordinary Gains Incurred and Revision of FY2009 Full-Year (Consolidated/Non-consolidated) Earnings Forecast” published on October 9, 2008, given that net income for FY2009 would be lower than the forecast made at the beginning of the fiscal year as a result of declaring the write-down of investment securities and the loss on impairment of fixed assets as extraordinary losses in the second quarter of FY2009.

Furthermore, adjustments have been made with respect to disparities in operating income and ordinary income due to the expected reduction in selling, general and administrative expenses associated with the sale of the recruitment/job search site business operated by Entertainment Commons Inc., in addition to operating income and ordinary income falling short of the plan presented at the beginning of the fiscal year as a result of sales generated by two subsidiaries Giga Japan Inc. and Smart Inc. being less than the said plan.

4. Others

(1) Changes in important subsidiaries during the fiscal year (Changes to designated companies that fall within the amended scope of consolidation) None

(2) Changes in accounting principles, procedures, presentation methods, relating to the preparation of quarterly consolidated financial statements

①Application of Accounting Standards for Quarterly Financial Statements

Starting from the current consolidated fiscal year, we have adopted the “Accounting Standard for quarterly financial statements” (Accounting Standards Board of Japan Statement No. 12) and the “Implementation Guidance for accounting standards for quarterly financial statements” (Accounting Standards Board of Japan Guidance No. 14). The quarterly consolidated financial statements have been prepared in accordance with the “The Regulations Concerning the Terminology, Forms and Preparation Methods of Quarterly Consolidated Financial Statements.”

②Changes in Accounting Methods

(Change in accounting method of claims expenses)

Expenses for dealing with complaints about services provided to customers were conventionally processed as non-operating expenses. Since the first quarter of FY2009, such expenses have been processed as cost of sales.

As a result of such change in accounting method, cost of sales in the second quarter was ¥397,000 more than it would have been under the conventional method, while gross profit on sales and operating income each decreased by the same amount. The change in accounting method has no impact on ordinary income or income before income taxes and minority interests for the quarter.

5. Consolidated Balance sheet and Income statement

Starting from the current consolidated fiscal year, we have adopted the “Accounting Standard for quarterly financial statements” (Accounting Standards Board of Japan Statement No. 12) and the “Implementation Guidance for accounting standards for quarterly financial statements” (Accounting Standards Board of Japan Guidance No. 14). The quarterly consolidated financial statements were prepared in accordance with the “The Regulations Concerning the Terminology, Forms and Preparation Methods of Quarterly Consolidated Financial Statements.”

(1) Consolidated for the Interim Balance Sheets

(Unit: Thousands of yen)

Item	FY2009 Interim (September 30, 2008)	FY2008 Full term
	Amount	Amount
Assets		
I Current Assets		
1. Cash and cash equivalents	871,576	828,350
2. Notes and accounts receivable	1,433,214	1,625,655
3. Deferred tax assets	52,989	48,168
4. Others	68,735	63,278
Allowance for doubtful accounts	△3,377	△2,269
Total currents assets	2,423,137	2,563,182
II Fixed Assets		
1. Property and equipment		
(1) Buildings and structures	36,148	39,133
(2) Intangible fixed assets	25,562	29,727
Total fixed assets	61,710	68,861
2. Intangible fixed assets		
(1) Software	52,709	91,106
(2) Others	3,238	5,611
Total intangible fixed assets	55,947	96,718
3. Investments and other assets		
(1) Deposit and guarantees	17,529	60,000
(2) Deposits and guarantees	211,063	203,584
(3) Claims for reorganization from bankruptcy	172	172
(4) Deferred tax assets	20,574	1,626
(5) Others	61	224
Allowance for doubtful accounts	△172	△172
Total investments and other assets	249,228	265,435
Total fixed assets	366,886	431,015
TOTAL ASSETS	2,790,024	2,994,198

(Note) Figures have been rounded down to the nearest thousandth of yen.

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(Unit: Thousands of yen)

Item	FY2009 Interim (September 30, 2008)	FY2008 Full term
	Amount	Amount
LIABIRITIES		
I Current Liabilities		
1. Notes and accounts payable	77,260	100,311
2. Trade liabilities	89,064	103,790
3. Accrued payable	78,226	151,616
4. Income taxes payable	101,394	124,705
5. Accrued expenses	644,096	703,101
6. Provision for bonuses	73,912	65,023
7. Others	104,404	90,231
TOTAL CURRENT LIABIRITIES	1,168,359	1,338,781
TOTAL LIABIRITIES	1,168,359	1,338,781
SHAREHOLDERS' EQUITY		
I Shareholder's equity		
1. Capitalization	406,970	406,970
2. Capital surplus	432,958	432,958
3. Retained earnings	1,063,494	1,100,934
4. Treasury stock	△288,470	△288,470
TOTAL LIABIRITIES AND SHAREHOLDERS' EQUITY	1,614,952	1,652,392
II Stock acquisition rights	6,712	3,023
TOTAL NET ASEETS	1,621,665	1,655,416
LIABIRITIES AND NET ASSETS	2,790,024	2,994,198

(Note) Figures have been rounded down to the nearest thousandth of yen.

(2) Consolidated Interim Statements of Income

(Unit: Thousands of yen)

Item	FY2009 Interim (April 1, 2008 - September 30, 2008)
	Amount
I Net sales	6,421,905
II Cost of sales	4,877,986
Gross profit on sales	1,543,918
III selling, general and administrative expenses	1,408,096
Operating Income	135,822
IV Non-operating revenues	
1. Interest received	151
2. Interest income	494
3. Commissions receivable	100
4. Reversal of unpaid dividends	280
5. Interest on refund of income taxes	135
6. Others	44
Total non-operating revenues	1,205
V Non-operating income	
1. Fee to establish a commitment line	1,604
2. Others	86
Total Non-operating Income	1,690
Ordinary income	135,337
VI Extraordinary gains	
1. Reversal of reserve for bonuses	2,062
Total Extraordinary gains	2,062
VII Extraordinary Loss	
1. Loss on sale of fixed assets	199
2. Loss on retirement of fixed assets	238
3. Write-down of investment securities	42,470
4. Impairment loss	27,016
5. Expenses for restoration to original state	3,883
6. Penalty charges for terminating office lease contract	2,847
Total Extraordinary Loss	76,655
Net income before taxes	60,744

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Corporate tax, resident tax and business tax	71,043
Income tax adjustment	△23,768
Net Income	13,470

(Note) Figures have been rounded down to the nearest thousandth of yen.

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(The second quarter of FY2009)

Item	FY2009 Interim (July 1, 2008 - September 30, 2008)
	Amount
I Net sales	3,247,739
II Cost of sales	2,491,114
Gross profit on sales	756,624
III selling, general and administrative expenses	710,900
Operating Income	45,724
IV Non-operating revenues	
1. Interest received	494
2. Commissions receivable	70
3. Reversal of unpaid dividends	280
4. Interest on refund of income taxes	135
5. Others	23
Total non-operating revenues	1,004
V Non-operating income	
1. Fee to establish a commitment line	557
2. Others	101
Total Non-operating Income	658
Ordinary income	46,070
VII Extraordinary Loss	
1. Loss on sale of fixed assets	199
2. Loss on retirement of fixed assets	238
3. Write-down of investment securities	42,470
4. Impairment loss	27,016
5. Expenses for restoration to original state	3,883
6. Penalty charges for terminating office lease contract	2,847
Total Extraordinary Loss	76,655
Net income before taxes	△30,584
Corporate tax, resident tax and business tax	48,988
Income tax adjustment	△44,442
Net Income	△35,130

(Note) Figures have been rounded down to the nearest thousandth of yen.

(3) Consolidated Interim Statements of Cash Flows

(Unit: Thousands of yen)

	FY2009 Interim (April 1, 2008 - September 30, 2008)
	Amount
I Cash flow operating activities	
Income before income taxes and minority interests	60,744
Depreciation and amortization	25,793
Changes in provision for doubtful accounts	1,108
Changes in provision for bonuses	8,888
Interest and dividend income	△645
Loss on retirement of property and equipment	238
Loss on sale of property and equipment	199
Impairment loss	27,016
Write-down of investment securities	42,470
Change in accounts receivable	192,441
Change in accounts payable	△23,050
Change in consumption tax payable (=decrease)	△23,310
Changes in accrued expenses	△59,004
Change in trade liabilities	△5,176
Others	10,989
Subtotal	258,703
Interest and dividends received	645
Income taxes paid	△142,771
Net cash from operating activities	116,576
II Net cash from operating	
Payments for purchases of property and equipment	△5,301
Payments for purchases of intangible fixed assets	△9,583
Payment of deposits and guarantees	△15,431
Proceeds from cancel of the deposits and guarantees	3,519
Net cash from investing activities	△26,797
III Cash flow from financing activities	
Payments for dividends	△46,552
Cash flow from Financing Activities	△46,552
IV Change in cash and cash equivalents	43,226
V Cash and cash equivalents at the beginning of the period	828,350
VI Cash and cash equivalents, end of 4Q (fiscal year)	871,576

(Note) Figures have been rounded down to the nearest thousandth of yen.

(4) Segment Information

[Industry segments]

FY2009 Interim (April 1, 2008 - September 30, 2008)

(Unit: Thousands of yen)

	Outsourcing	Temporary staffing	Total	Eliminations and corporate	Consolidated
Net sales	2,737,002	3,695,584	6,432,586	△10,681	6,421,905
Operating expenses	2,607,938	3,565,331	6,173,269	112,813	6,286,082
Operating Income	129,064	130,253	259,317	△123,494	135,822

Geographical segments

This section has been abridged, as the Company has no overseas consolidated subsidiaries or important overseas offices.

[References]
(Supplementary material)

(1) **Consolidated for the Interim Balance Sheets (abbreviated)**

(Unit: Thousands of yen)

Item	FY2008 Interim (September 30, 2007)
	Amount
Assets	
I Current Assets	
1. Cash and cash equivalents	950, 739
2. Notes and accounts receivable	1, 230, 322
3. Deferred tax assets	40, 613
4. Others	69, 218
Allowance for doubtful accounts	△2, 336
Total currents assets	2, 288, 557
II Fixed Assets	
1. Property and equipment	
(1) Buildings and structures	36, 961
(2) Intangible fixed assets	32, 044
Total tangible fixed assets	69, 005
2. Intangible fixed assets	
(1) Software	89, 781
(2) Others	5, 880
Total intangible fixed assets	95, 662
3. Investments and other assets	
(1) Deposit and guarantees	60, 000
(2) Deposits and guarantees	193, 777
(3) Others	667
Total investments and other assets	254, 445
Total fixed assets	419, 113
TOTAL ASSETS	2, 707, 670

(Note) Figures have been rounded down to the nearest thousandth of yen.

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(Unit: Thousands of yen)

Item	FY2008 Interim (September 30, 2007)
	Amount
LIABILITIES	
I Current Liabilities	
1. Notes and accounts payable	54,226
2. Trade liabilities	85,859
3. Accrued payable	95,703
4. Income taxes payable	92,473
5. Accrued expenses	647,708
6. Provision for bonuses	61,768
7. Others	134,650
TOTAL CURRENT LIABILITIES	1,172,389
TOTAL LIABILITIES	1,172,389
SHAREHOLDERS' EQUITY	
I Shareholder's equity	
1. Capitalization	406,970
2. Capital surplus	432,958
3. Retained earnings	982,814
4. Treasury stock	△288,470
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	1,534,272
II Stock subscription rights	1,007
TOTAL NET ASSETS	1,535,280
LIABILITIES AND NET ASSETS	2,707,670

(Note) Figures have been rounded down to the nearest thousandth of yen.

(2) Consolidated Interim Statements of Income (abbreviated)

(Unit: Thousands of yen)

Item	FY2008 Interim (April 1, 2007 - September 30, 2007)
	Amount
I Net sales	5, 539, 919
II Cost of sales	4, 177, 726
Gross profit on sales	1, 362, 192
III Selling, general and administrative expenses	1, 193, 203
Operating Income	168, 988
IV Non-operating revenues	
1. Interest income	927
2. Commissions receivable	267
3. Reversal of unpaid dividends	403
4. Interest on refund of income taxes	407
5. Others	182
Total None-operating revenues	2, 188
V Non-operating Income	
1. Interest expense	1, 699
2. Stock buy-back costs	781
3. Fee to establish a commitment line	1, 836
4. Claims expenses	815
5. Others	201
Total Non-operating Income	5, 334
Ordinary Income	165, 842
VI Extraordinary Income	
1. Reversal of reserve for bonuses	4, 796
Total Extraordinary Income	4, 796
VII Extraordinary Loss	
1. Loss on retirement of fixed assets	4, 565
Total Extraordinary Loss	4, 565
Interim income before income taxes and minority interest	166, 074
Corporate tax, resident tax and business tax	81, 195
Income tax adjustment	△7, 563
Interim net income	92, 442

(Note) Figures have been rounded down to the nearest thousandth of yen.

(3) Consolidated Statement of Retained Earnings

FY2008 Interim (April 1, 2007 — September 30, 2007)

(Unit: Thousands yen of yen)

	Shareholders' equity					Stock subscription rights	Total Net Assets
	Capital Stock	Total Capital Surplus	Retained Earnings	Treasury Stock	Total Shareholders' Equity		
Balance as of March (Thousands of yen)	406,970	432,958	1,022,379	△198,286	1,664,021	—	1,664,021
Change during interim period							
Dividends(*1)	—	—	△132,007	—	△132,007	—	△132,007
Net Income	—	—	92,442	—	92,442	—	92,442
Treasury stock acquisition	—	—	—	△90,183	△90,183	—	△90,183
Change in items other than Shareholders' Equity during interim period (net amount)	—	—	—	—	—	1,007	1,007
Total change during interim period	—	—	△39,564	△90,183	△129,748	1,007	△128,740
Balance as of September 30,2007 (Thousands of yen)	406,970	432,958	982,814	△288,470	1,534,272	1,007	1,535,280

(4) Consolidated Interim Statements of Cash Flows (abbreviated)

(Unit: Thousands of yen)

	FY2008 Interim (April 1, 2007 — September 30, 2007)
	Amount
I Cash flow operating activities	
Income before income taxes and minority interests	166,074
Depreciation and amortization	23,331
Changes in provision for doubtful accounts	962
Changes in provision for bonuses	14,277
Interest and dividend income	△928
Interest expenses	1,699
Loss on retirement of fixed assets	4,565
Change in accounts receivable	△82,864
Change in accounts payable	32,493
Change in consumption tax payable	△4,774
Change in accrued expenses	△30,496
Change in trade liabilities	△21,083
Others	△25,014
Sub total	78,241
Interest and dividends received	928
Interest expenses paid	△2,280
Income taxes paid	△3,805
Net cash from operating activities	73,084
II Cash flow from Investing Activities	
Payments for purchases of property and equipment	△15,345
Payments for purchases of intangible fixed assets	△1,299
Payments for business transfer	△36,560
Proceeds from return of deposits and guarantees	△27,177
Net cash from investing activities	△80,382
III Cash flow from Financing Activities	
Repayment of short-term debt	△300,000
Payments for dividends	△125,755
Proceeds from sale of treasury stock	△90,965
Cash flow from Financing Activities	△516,721
IV Change in cash and cash equivalents (△=decrease)	△524,019
V Cash and cash equivalents at the beginning of the period	1,474,758
VI Cash and cash equivalents, end of fiscal year	950,739

(Note) Figures have been rounded down to the nearest thousandth of yen.

(5) Segment Information

[Industry segments]

FY2008 Interim (April 1, 2007 — September 30, 2007)

(Unit: Thousands of yen)

	O u t s o u r c i n g b u s i n e s s	T e m p o r a r y S t a f f i n g	T o t a l	E l i m i n a t i o n s a n d c o r p o r a t e	C o n s o l i d a t e d
Net Sales	4, 146, 440	1, 408, 000	5, 554, 440	△14, 521	5, 539, 919
Operating expenses	3, 931, 896	1, 364, 623	5, 296, 520	74, 409	5, 370, 930
Operating Income	214, 543	43, 376	257, 920	△88, 931	168, 988

Geographical segments

FY2008 Interim (April 1, 2007 — September 30, 2007)

This section has been abridged, as the Company has no overseas consolidated subsidiaries or important overseas offices.

6 Production, Orders and Sales

① Production

This section has been abridged, as there is no relevant information concerning production due to the nature of the services that the Company provides (outsourcing and temporary staffing).

② Orders

This section has been abridged because orders for the services that the Company provides (outsourcing and temporary staffing) consist of both long-term contracts and short-term appointments, which makes accurate analysis of order volume difficult.

③ Sales

Sales by business segment for the second quarter under review are as follows:

(Unit: Thousands of yen, %)

Business Segment	FY2009 Interim		FY2008 Interim	
	Amount	Share	Amount	Share
O u t s o u r c i n g b u s i n e s s	2, 726, 320	42. 5	4, 131, 918	74. 6
T e m p o r a r y S t a f f i n g	3, 695, 584	57. 5	1, 408, 000	25. 4
T o t a l	6, 421, 905	100. 0	5, 539, 919	100. 0

Note: Amounts do not include consumption tax.