

■Financial Highlights of the FY2010 2Q Earnings

FY2010 Earnings Sales for the Second Quarter of the FY2010

Net sales decrease 6.7% year-on-year, operating income increase 27.5%

The Backs Group consolidated earnings for the Second Quarter of the FY2010 (from April 1, 2009, to September 30, 2009) have been finalized, and are summarized here. For details please refer to the Summary of Consolidated Earnings Report for the Second Quarter of the Fiscal Year Ending March 31, 2010.

Financial Highlight

- Results for the Second Quarter of the fiscal year ending March 2010 term were a decrease of 6.7% for sales, a increase of 27.5% for operating income, a increase of 29.3% for ordinary income, and a increase of 602.1% for net income, all figures compared to the corresponding period of the previous fiscal year.

[Causes]

- Sales in the mobile communications segment decreased 3.1% year on year in spite nationwide demand from telecommunication carriers and sales agents and the ensuing increase in the utilization rate of our full-time staff, due to a decline in campaign-related demand during sales seasons attributable to the switch in the employment status of our temporary staff to clients' direct hires, as well as a decrease in the number of mobile terminals sold by various companies. Meanwhile, sales in the digital consumer electronics segment decreased 4.9% year on year as a result of a decline in orders from some major clients. Sales in the financial segment decreased 36.1%, due to a continual decline in nationwide contracts involving credit-card promotion operations. Sales in the new business segment decreased 10.9% year on year, despite an increase in temporary staffing for the music industry, due primarily to a decrease in the campaign-related demand for consumer goods.
- Gross profit decreased 1.0 point year on year (gross profit margin of 23.0%) as a result of unit price revisions in the digital consumer electronics segment, in addition to the increase in the percentage of total sales that the temporary staffing business accounts for.
- Selling, general and administrative expenses decreased 1.8 points year on year (consolidate SG&A of 20.1%), owing to the effects of efforts made during the previous period to enhance business efficiency by merging subsidiaries and consolidating/abolishing business sites, as well as improvement in recruitment efficiency attributable to changes in the employment climate.
- The FY2010 Interim budget achievement rate are 100.0% for net sales, 100.0% for gross profit, 101.3% for operating income, 101.7% for ordinary income, and 102.8% for net income.

■Year-on-year change in earnings and progress toward forecast for the full fiscal year forecast

(Units : Millions of yen)

	FY2009 2Q	FY2010 2Q	Y on Y	FY2010 Interim budget	Progress Ratio for Interim forecasts
Sales	6,421	5,989	-6.7%	5,989	100.0%
Gross profit on sales	1,543	1,375	-10.9%	1,375	100.0%
(Gross profit margin)	(24.0%)	(23.0%)	-1.0ppts	(23.0%)	—
(SG&A ratio)	(21.9%)	(20.1%)	-1.8ppts	(20.1%)	—
Operating income	135	173	+27.5%	171	101.3%
(Operating income margin)	(2.1%)	(2.9%)	+0.8ppts	(2.9%)	—
Ordinary Income	135	174	+29.3%	172	101.7%
Net Income	13	94	+602.1%	92	102.8%

* FY2010 2Q Forecast and FY2010 Full-Year Forecast are based on the figures announced in the Notice Concerning Revision of Consolidated Performance Forecast dated October 9, 2009.

■Results by segment

①By business segment

(Units : Millions of yen)

	Sales			Operating income		
	FY2009 2Q	FY2010 2Q	% Change	FY2009 2Q	FY2010 2Q	% Change
Outsourcing Business	2,726	2,212	-18.8%	129	117	-8.7%
Temporary Staffing Business	3,695	3,777	+2.2%	130	188	+44.5%

*1: The selling, general and administrative expenses under business expenses are proportionally distributed and allocated according to the segment sales ratios of each company.

②Sales by region

(Units : Millions of yen)

	FY2009 2Q	FY2010 2Q	% Change
Kanto Region*1	3,929	3,703	-5.7%
National*2	2,492	2,286	-8.3%

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

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

□ Sales by customer industry

(Units : Millions of yen)

	FY2009 2Q	FY2010 2Q	% Change
Mobile telecommunications*1	3,310	3,208	-3.1%
Digital consumer electronics*2	1,800	1,713	-4.9%
Financial services*3	395	252	-36.1%
New Sectors*4	915	815	-10.9%

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

*2: Indicates PCs, digital consumer electronic products (printer, digital cameras, security software) and broadband service providers (Broadband, optical fibers)

*3: Indicates the financial industry including banks and credit card companies.

*4: Indicates producers of general consumer goods, retail distribution, entertainment, other than those indicated in *1, *2, *3

For details please refer to the Summary of Consolidated Earnings Report for the Second Quarter of the Fiscal Year Ending March 31, 2010, page 4-5.

■ Cash flows

For details please refer to the Summary of Consolidated Earnings Report for the Second Quarter of the Fiscal Year Ending March 31, 2010, Page 5-6 and Statements of Cash Flows page 11.

(Reference)

■ Outlook for the current term (FY 2009)

(Units : Millions of yen)

	FY2009 earnings	FY2010 Full year forecasts	% Change
Sales	13,060	12,700	-2.8%
Gross profit on sales	3,163	2,920	-7.7%
(Gross profit margin)	(24.2%)	(23.0%)	-1.2ppts
(SG&A ratio)	(20.8%)	(19.1%)	-1.7ppts
Operating income	448	496	+10.7%
(Operating income margin)	(3.4%)	(3.9%)	+0.5ppts
Ordinary Income	447	492	+10.0%
Net Income	177	276	+55.4%

【Disclaimer】

This document contains forward looking statements with respect to, current management plans, strategies and beliefs that are not historical facts. All such forward looking statements were based on management's assumptions, projections and beliefs in light of the information currently available. There are a number of risks and uncertainties that could cause actual results to differ materially from those discussed in this document. This document is intended solely to provide information, and is not a solicitation to buy or sell securities. Backs Group assumes no liability whatsoever for any damages that may result from the use of information presented in this document.

■IR Inquiry

Backs Group Inc. Business Planning Department

Ebisu Business Tower 14F, 1-19-19 Ebisu, Shibuya-ku, Tokyo 150-0013

TEL:03-5793-7836 FAX:03-5793-7964

e-mail:backs-ir@backs.co.jp

URL: <http://www.backs.co.jp/ir/index.html>