

## ■Financial Highlights of the FY2010 3Q Earnings

### FY2010 Earnings Sales for the Third Quarter of the FY2010

#### **Net sales decrease 9.2% year-on-year, operating income decrease 22.3%**

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

#### Financial Highlight

- Results for the Third Quarter of the fiscal year ending March 2010 term were a decrease of 9.2% for sales, a decrease of 22.3% for operating income, a decrease of 20.8% for ordinary income, and an increase of 30.1% for net income, all figures compared to the corresponding period of the previous fiscal year.

#### [Causes]

- In the mobile communications segment, the expiration date of temporary staff dispatch agreement with a major mobile telecommunications carrier fell on the current quarter and prompted their decision to promote direct employment. In addition, competition with competitors escalated, due to a trend to reduce budget for sales promotion activities in the segment, and, as a result, net sales decreased by 5.2% year on year. In the digital consumer electronics segment, demands for campaigns, strength of the Group, tended to decrease, partly because of manufacturers' policy to reduce selling, general and administrative expenses, and, as a result, net sales decreased by 5.3% year on year. In the financial service segment, efforts were made to enhance specialization of staff, for example, by reinforcing training/education for compliance, but, as in today's economic environment people try to refrain from opening new shops, a decrease of demand was seen in joint sales promotion of the credit cards in collaboration with distribution channels such as shopping malls and gas stations, and as a result, net sales decreased by 34.8% year on year. In the new business segment, demand for temporary staff increased as some retail chains opened branch shops handling low-price clothing and consumer products, while that in other distribution channels decreased, due to a clear trend to reduce labor cost, and as a result, net sales decreased by 18.7% year on year.
- Gross profit on sales decreased 1.8 points year on year (gross profit on sales rate: 22.3%), due to sales decrease of large-scale contracts with high profitability in the digital consumer electronics segment as well as cost reduction requests from some clients.
- Selling, general and administrative expenses decreased 1.4 point year on year (selling, general and administrative expenses rate: 19.9%), owing to the effects of efforts made to reduce fixed costs by abolishing and consolidating business sites, reducing recruitment costs by improving recruiting efficiency attributable to changes in the employment environment, and implementing Group-wide cost reduction activities.

- The FY2010 the Third Quarter budget achievement rate are 74.0% for net sales, 73.8% for gross profit, 67.1 % for operating income, 67.5% for ordinary income, and 61.0% for net income.

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

(Units : Millions of yen)

	FY2009 3Q	<b>FY2010 3Q</b>	<b>Y on Y</b>	FY2010 Full term budget	Progress Ratio for fullterm forecasts
Sales	9,774	<b>8,880</b>	<b>-9.2%</b>	12,000	74.0%
Gross profit on sales	2,354	<b>1,979</b>	<b>-15.9%</b>	2,680	73.8%
(Gross profit margin)	(24.1%)	<b>(22.3%)</b>	<b>-1.8ppts</b>	(22.3%)	—
(SG&A ratio)	(21.3%)	<b>(19.9%)</b>	<b>-1.4ppts</b>	(19.7%)	—
Operating income	268	<b>208</b>	<b>-22.3%</b>	311	67.1%
(Operating income margin)	(2.7%)	<b>(2.4%)</b>	<b>-0.3ppts</b>	(2.6%)	—
Ordinary Income	267	<b>212</b>	<b>-20.8%</b>	314	67.5%
Net Income	84	<b>109</b>	<b>+30.1%</b>	180	61.0%

\* FY2010 Full-Year Forecast is based on the figures announced in the Notice of Revision of the Full-Term Consolidated Performance Forecast and the Fiscal Year-End Dividend Forecast announced on January 12, 2010.

■Results by segment

①By business segment

(Units : Millions of yen)

	Sales			Operating income		
	FY2009 3Q	<b>FY2010 3Q</b>	<b>% Change</b>	FY2009 3Q	<b>FY2010 3Q</b>	<b>% Change</b>
Outsourcing Business	3,917	<b>3,267</b>	<b>-16.6%</b>	204	<b>155</b>	<b>-24.3%</b>
Temporary Staffing Business	5,868	<b>5,615</b>	<b>-4.3%</b>	250	<b>249</b>	<b>-0.3%</b>

\*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 3Q	<b>FY2010 3Q</b>	<b>% Change</b>
Kanto Region*1	5,969	<b>5,454</b>	<b>-8.6%</b>
National*2	3,805	<b>3,425</b>	<b>-10.0%</b>

\*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 3Q	FY2010 3Q	% Change
Mobile telecommunications*1	4,963	4,704	-5.2%
Digital consumer electronics*2	2,697	2,556	-5.3%
Financial services*3	611	398	-34.8%
New Sectors*4	1,501	1,220	-18.7%

\*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 Third Quarter of the Fiscal Year Ending March 31, 2010, page 4-6.

■ Cash flows

For details please refer to the Summary of Consolidated Earnings Report for the Third Quarter of the Fiscal Year Ending March 31, 2010, Page 6-7 and Statements of Cash Flows page 13.

(Reference)

■ Outlook for the current term (FY 2009)

(Units : Millions of yen)

	FY2009 earnings	FY2010 Full year forecasts	% Change
Sales	13,060	<b>12,000</b>	<b>-8.1%</b>
Gross profit on sales	3,163	<b>2,680</b>	<b>-15.3%</b>
(Gross profit margin)	(24.2%)	<b>(22.3%)</b>	<b>-1.9ppts</b>
(SG&A ratio)	(20.8%)	<b>(19.7%)</b>	<b>-1.1ppts</b>
Operating income	448	<b>311</b>	<b>-30.6%</b>
(Operating income margin)	(3.4%)	<b>(2.6%)</b>	<b>-0.8ppts</b>
Ordinary Income	447	<b>314</b>	<b>-29.8%</b>
Net Income	177	<b>180</b>	<b>+1.4%</b>

【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.

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