



July 29, 2010

Summary of Consolidated Earnings Report

for the First Quarter of the Fiscal Year Ending March 31, 2011

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)
Inquiries: Atsuhiko Sunanaga, Managing Director
Tel: 03-5793-7836
Use of U.S. accounting standards: None

1. Consolidated Results for the First Quarter FY2011 (April 1, 2010 – June 30, 2010)

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

	Net Sales		Operating Income		Ordinary Income		Net Income	
		%		%		%		%
FY2011 1Q	2,859	-5.4	65	-9.1	53	-25.8	15	-56.3
FY2010 1Q	3,021	-4.8	72	-19.7	72	-19.1	35	-26.3

	Net Income per share (yen)	Net Income per share (Diluted) (yen)
FY2011 1Q	124.12	124.08
FY2010 1Q	284.30	284.18

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

	Total Assets	Shareholders' Equity	Equity Ratio	Shareholders' equity per share
FY2011 1Q	3,108	1,899	57.1	(Yen) 14,077.02
FY2010 1Q	3,060	1,922	59.0	14,322.75

Reference: Equity capital FY2011 1Q 1,773 million FY2010 1,804 million

2. Dividends

(Record Date)	Dividend per share				
	1Q	2Q	3Q	4Q	Full year
FY2010	yen —	yen 0.00	yen —	yen 360.00	yen 360.00
FY2011	—				
FY2011 (forecasts)		0.00	-	265.00	265.00

3. Forecasts for Fiscal Year 2011 (April 1, 2010 - March 31, 2011)

(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)
		%		%		%		%	(Yen)
Interim	5,970	-0.3	130	-25.0	117	-32.5	50	-47.1	396.91
Full term	11,911	0.8	261	-11.4	261	-12.5	132	-17.0	1,047.84

Note: Change in consolidated financial results forecast for the fiscal year ending March 31, 2011 during the three months ended June 30, 2010: Yes

4. Others

(1) Changes in important subsidiaries during the fiscal year (Changes to designated companies that fall within the amended scope of consolidation): Yes

New: 北京百庫思諮詢有限公司

(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

① Changes accompanying changes in accounting standards: Yes

② Changes other than those stated above: None

(4) Number of Share outstanding (Common stock)

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

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

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

FY23 1Q	148,515 shares	FY22	148,515 shares
FY23 1Q	22,541 shares	FY22	22,541 shares
FY23 1Q	125,974 shares	FY22 1Q	125,974 shares

□ Notes on the proper use of the forecasts, and other special instructions

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.

Index of the Attachment

1. Qualitative Information and Consolidated Business Results.....	4
(1) Analysis of Operating Results.....	4
(2) Analysis of Financial Condition.....	7
(3) Quantitative Information on Consolidated Results Forecast.....	8
2. Others.....	9
(1) Changes in important subsidiaries.....	9
(2) Adoption of simplified accounting method or accounting methods specific to quarterly consolidated statements.....	9
(3) Changes in accounting principles, procedures, presentation methods, relating to the preparation of quarterly consolidated financial statements.....	9
(4) Changes in presentation.....	9
3. Consolidated Balance sheet and Income statement.....	10
(1) Consolidated for the fiscal year Balance Sheets.....	10
(2) Consolidated Income Statements.....	12
(3) Consolidated Statement of Cash Flows.....	13
(4) Notes on the premises of a going concern.....	14
(5) Segment Information.....	14
(6) Note in the event of any significant change in shareholders' equity.....	15
(7) Other note disclosures.....	15
4. Supplementary information.....	16
(1) Key indicators for business management.....	16
(2) Production, Orders and Sales.....	16

1. Qualitative Information and Consolidated Business Results

(1) Analysis of Operating Results

During the first quarter consolidated accounting period under review, the Japanese economy was supported by strong demand in China, India and other emerging economies and saw some signs of a partial recovery in domestic demand. However, as signs of a slowdown started to appear in the recovery of the U.S. and EU economy, the prospects of the domestic economy remains uncertain due to continued deflationary pressure coupled with rising material costs and the appreciation of the yen.

While the mobile telecommunications industry, the principal market in which the Backs Group operates, registered a growth in domestic unit shipments, the competition for new customers has further intensified with a replacement demand for smart phones and other multifunctional mobile phone terminals and a release of new products by mobile phone carriers.

With regard to the digital consumer electronics industry, as the growth of the number of broadband subscribers began to slow with 34,170,000 internet connection services contracts*2 as of the end of December 2009, demand for fiber-optic communication services increased, while a decreasing trend in digital subscriber's line services continued.

In the credit card industry, the number of cards issued as of the end of March 2009, rose 3.0% year-to-year to 317.83 million; by type of issuer, 127.18million cards were issued by banks, 91.66million cards were issued by retailers, 60.59million cards were issued by shinpan credit companies and 12.07 million cards were issued by gasoline retailers.*3 Growth has slowed down in the credit. While the market size is continuing to expand, owing to the expansion of the use of credit cards to include the settlement of daily, medical and other expenses, since the enforcing of regulations within the framework of the full scale enforcement of the Money Lending Business Law Amendment Act, the trend to reduce sales promotion activities remains strong among some credit card companies.

In the temporary staffing industry in which the Company operates, the business environment is expected to remain difficult amid an intensified competition brought about by increased new entrants into the industry in line with the deregulation carried out so far and a decreased corporate demand for workforce coupled with forthcoming revisions of the Worker Dispatch Act.

In these business environments, the Backs Group has endeavored to develop, in the current consolidated accounting first quarter, a structure as follows which would enable us to respond flexibly to environmental changes including revision of relevant laws and regulations.

As part of the initiatives to cope with forthcoming revisions of the Worker Dispatch Act, we have built an organizational structure capable of providing not only staffing services but also comprehensive services from the planning and implementation to the measurement of results of sales promotion campaigns on a nation-wide basis.

Moreover, in order to provide highly professional and quality services to our customers, we have put priority on the education and training of our sales representatives and registered staff for passing the mobile system certification examination and for acquiring knowledge about product information concerning smart phones and other mobile communications products as well as increasingly sophisticated digital consumer electronics products.

As an initiative for providing new services for strengthening medium- and long-term earnings structure, following the acquisition of JBtoB Co., Ltd., a company that provides analysis services (ASP services) of POS data with customer attributes for retailers and manufacturers and consulting services to utilize information, on

December 29, 2009 as a consolidated subsidiary, we have acquired a 20% interest in ICR Co., Ltd. on April 9, 2010 which became an affiliate consolidated under the equity method. ICR Co., Ltd is engaged in the business of on-site inspection operations for credit card companies, telephone and personal call operations related to the promotion of the Welfare Pension Plan by the Social Insurance Agency, and other support services related to personal call operations for financial institutions and government agencies. We have developed a structure for enabling us to cope with increasingly diversified needs of our customers by utilizing the know-how of ICR Co., Ltd. and expanding the scope of services beyond storefront services. Moreover, in order to provide our know-how regarding the education and training of sales staff and sales promotion, which are our forte, to companies engaged in BtoC business in China, we have established 北京百庫思諮詢有限公司 as our first overseas consolidated subsidiary on June 13, 2010.

In terms of sales, orders for new projects awarded in collaboration with the business partner of REQUEST INC., contributions from JBtoB Co., Ltd., which became a subsidiary in the preceding fiscal year, and new orders awarded in the financial services segment, led to a partial growth of the credit-card promotion operations. However, as the number of new store openings in the distribution channels and for low-price apparel retailers turned to a decline and the demand for temporary staffing stagnated, net sales in the current consolidated accounting first quarter registered a decline year on year.

While the digital consumer electronics segment fared relatively well thanks to the World Cup and other sports events, profit margin for the temporary staffing business for the mobile communications segment dropped with an increase in hourly wages to be paid, and gross profit margin dropped 0.9 points from a year earlier. On the other hand, as the Company pursued the consolidation and abolition of sales offices for the purpose of selection and concentration of business resources, which was initiated in the previous fiscal year, and the company-wide streamlining of business operations, selling and general administrative expenses ratio for the current consolidated accounting first quarter dropped 0.8 points.

An non-operating expense of 12 million yen as expenses related to the incorporation of a new company in Beijing, China, extraordinary gains of one million yen as reversal of allowance for doubtful receivables, 900 thousand yen as reversal of allowance for bonus payment, and an extraordinary loss of 20 million yen as loss on adjustment for changes in accounting standard for asset retirement obligations were recorded respectively.

As a result of these efforts, consolidated net sales for the first quarter of the fiscal year 2011 were ¥2,859 million (decrease 5.4% from the previous fiscal year). Operating Income ¥65 million (down 9.1%), Ordinary income was ¥53 million (down 25.8%), and net income was ¥15 million (down 56.3%).

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 2009)” (latest data September 18, 2009).
- *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 business, orders received increased due to the commencement of operations for wide-area batch consignment contracts in this quarter, new store openings by existing customers, and expansion of sales

channels. Achievement of target results for results-linked compensation programs also contributed to gains in sales. However, as contracts in some areas for wide-area batch consignment contracts were terminated or otherwise sales promotion expenses were curtailed, the first quarter net sales totaled 1,079 million yen (2.6% increase year on year) and operating income was 43 million yen (9.3% decrease year on year).

(b) Temporary staffing

Demand for the temporary staffing business increased for the sales support of newly released smart phones and other mobile terminals and with an expansion of service areas for digital channel services. However, as the number of new store openings in the distribution channels and for low-price apparel retailers turned to a decline and the demand for temporary staffing stagnated, the first quarter net sales totaled 1,780 million yen (9.6% decrease year on year) and operating profit totaled 21 million yen (8.6% decrease year on year).

Note:

The Company adopted the “Accounting Standard for Disclosures about Segments of an Enterprise and Related information” (ASBJ Statement No.17, issued on March 27, 2009) and the “Guidance on the Accounting Standard for Disclosures about Segments of an Enterprise and Related information” (Guidance No.20, issued on March 21, 2008) from the current consolidated accounting first quarter. Year-on-year percent changes are based on a comparison of figures recalculated in accordance with the new Standard.

(2) By region

(a) Kanto region*1

In the Kanto region, while orders for campaigns for new department store openings and orders from existing customers increased in part, the growth of sales was sluggish due to cut back on the sales promotion expenses on the part of customers, such as reduction of the areas for wide-area batch consignment contracts.

As a result, the current consolidated the first quarter were ¥1,718 million (9.0% decrease year on year).

(b) National*2

On a nation-wide basis, wide-area batch consignment contracts commenced in the quarter under review significantly contributed to sales. As discount campaigns targeting students were actively conducted in the mobile telecommunications segment, and sampling campaigns for toiletry and other daily items and sundries increased, the current consolidated the first quarter net sales reached 1,141 million yen (0.6% increase year on year).

(3) By customer industry

(a) Mobile telecommunications*3

Net sales in the mobile telecommunications segment declined due to such factors as the reduction of sales channels for the purpose of improving sales volume and efficiency. On the other hand, the volume of orders received is improving in part, thank to a recovery in demand for temporary staffing associated with the release of new products centering on smart phones and as temporary staffing companies were narrowed down by customers. As a result, the current consolidated the first quarter net sales totaled 1,556 million yen (3.8% decrease year on year).

(b) Digital consumer electronics*4

In the digital consumer electronics segment, subscription services to paid television channels continued at a strong pace in association with the steady growth in the sales volume of flat-panel televisions and household electronic appliances such as refrigerators and air conditioners thanks to an extension of the eco-point system. In addition, incentive fees were paid as target results for results-linked compensation programs were achieved. However, the areas for wide-area batch consignment contracts were reduced, and as a result, the current consolidated first quarter net sales totaled 789 million yen (5.5% decrease year on year).

(c) Financial services*5

Net sales for the financial services segment had been trending downward as credit-card companies reduced activities for attracting new card holders due to a deterioration in business sentiment and the enforcement of the Amended Money Lending Business Act, but as new orders were received for campaigns of credit cards co-branded with shopping malls, etc., and as a result, the current consolidated first quarter net sales totaled 113 million yen (16.0% increase year on year) .

(d) New Sectors*6

In the new business segment, as demand for sales campaigns related to existing stores and openings of new stores declined in the distribution channels and for low-price apparel retailers, and temporary staffing to the music industry stagnated due to a deteriorating business sentiment, and as a result, the current consolidated first quarter net sales totaled 400 million yen (15.1% decrease year on year).

Notes:

- *1: Includes Tokyo, Kanagawa, Saitama, Chiba, Ibaraki, Tochigi, Gunma, Niigata and Yamanashi.
- *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) Analysis of Financial Condition

① Assets, liabilities, and capital

Assets for the current consolidated the first quarter increased by ¥47 million from the end of the previous consolidated fiscal year, resulting in an asset balance of ¥3,108 million.

This was primarily due to increases of ¥177 million in cash and cash equivalents, ¥29 million in investments in securities, ¥8 million in deferred tax assets in current assets, and ¥5 million in deferred tax assets in fixed assets, while notes and accounts receivable decreased by ¥151 million, and deposits and guarantees decreased by ¥24 million due to adoption of the accounting standard for asset retirement obligations.

Total liabilities increased by ¥71 million from the end of the previous consolidated fiscal year, totaling ¥1,208 million. This was primarily due to increases of ¥63 million in consumption tax payable, ¥35 million in accrued expenses, and ¥28 million in income taxes payable, while trade liabilities decreased by ¥43 million.

Net assets totaled ¥1,899 million, decreasing by ¥23 million from the end of the previous consolidated fiscal year.

Equity ratio dropped to 57.1%, a decrease of 1.9 points from the end of the preceding consolidated fiscal year.

② Statement of Cash Flows

The balance of cash and cash equivalents (hereinafter "cash") at the current consolidated the first quarter increased by ¥177 million from the previous consolidated fiscal year, resulting in a balance of ¥1,201 million (17.4% increase from the end of the previous consolidated fiscal year).

The details of cash flows for the current consolidated fiscal year and the relevant causes are as follows:

(Cash flow in operating activities)

Cash gained in operating activities was ¥242 million (a 118.0% increase from the end of the previous consolidated fiscal year). This was due to a decrease of ¥151 million in accounts receivable and increases of ¥63 million in consumption tax payable and ¥35 million in accrued expenses.

(Cash flow in investing activities)

Cash used in investing activities was ¥28 million (a 111.8% increase from the end of the previous consolidated fiscal year). This was due to a payment of ¥31 million for investments in securities despite a receipt of ¥3 million from a drawdown of deposits and guarantees.

(Cash flow in financing activities)

Cash used in financing activities was ¥36 million (a 25.7% increase from the end of the previous consolidated fiscal year). This is due mainly to the payment of ¥35 million as dividend payment.

(3) Quantitative Information on Consolidated Results Forecast

As announced in the "Notice of Revised Earnings Forecast" dated July 29, 2010, cumulative net sales on a consolidated basis through the second quarter is expected to reach ¥5,970 million, an increase of ¥229 million, thanks to the award of a contract for operating a major event. On the income side, it is expected that operating income will reach ¥130 million, an increase of ¥89 million, and ordinary income will reach ¥117 million, an increase of ¥76 million, and net quarterly income will reach ¥50 million, an increase of ¥41 million due to improved gross profit margin resulting from increased sales thanks to the foregoing award of a contract for operating a major event and reduced recruitment of new employees.

As for the earnings forecast for the entire March 2011 period, due to the uncertainty in the future trends of sales promotion budgets of corporations derived from unclear economic outlook and the undisclosed schedule of the expected revision of the Worker Dispatch, in addition to a number of other uncertainties relating to the prospects of 北京百庫思諮詢有限公司 established as an overseas subsidiary, we have decided to maintain the original earnings forecast announced on May 10, 2010. Should there be any changes in financial results, we will immediately report necessary changes.

※The forecasts are based on information available as of the date the forecasts were announced and involve potential risks, as well as unknown factors. Hence, actual results may differ from the forecast values, depending on future changes in a variety of factors.

2. Others

(1) Changes in important subsidiaries

- Changes in the scope of consolidation

Following the incorporation of 北京百庫思諮詢有限公司 by the Group as of June 13, 2010, this company was consolidated into the balance sheet of the Group from the current consolidated accounting first quarter.

- Changes in the scope of the equity method

Since the acquisition of 20% of the shares of ICR Co. Ltd. as of April 9, 2010, the acquired company was included in the scope of equity method from the current consolidated accounting first quarter.

(2) Adoption of simplified accounting method or accounting methods specific to quarterly consolidated statements

None

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

- Changes in accounting principles

A) Adoption of asset retirement obligations

The Group adopted the "Accounting Standard for Asset Retirement Obligations" (ASBJ Statement No.18, issued on March 31, 2008) and the "Guidance on Accounting Standard for Asset Retirement Obligations (ASBJ Guidance No21, issued on March 31, 2008) from the current consolidated accounting first quarter.

As a result, the operating income and the ordinary income each decreased by ¥1.02 million, and the net income before taxes for the current quarter also decreased, by ¥21.185 million. The change in the deposits and guarantees as a result of adopting the accounting principles was ¥21.185 million.

(4) Changes in presentation

(Consolidated Quarterly Income Statements)

Since the Group adopted the rules stipulated in "Cabinet Office Ordinances Revising Some Portions of the Regulations for Financial Statements (Cabinet Office Ordinances No.5, March 24, 2009) in line with the "Accounting Standard for Consolidated Financial Statements" (ASBJ statement No. 22, December 26, 2008), the Group reported income before minority interests for the current consolidated accounting first quarter.

(Consolidated Quarterly Statement Cash Flows)

Amortization of goodwill was included in other cash flows from operating activities in the previous consolidated accounting first quarter; however, since its importance increased during the current consolidated accounting first quarter, this is now listed separately from the current consolidated accounting first quarter. The amortization of goodwill for the previous consolidated accounting first quarter was ¥576,000.

3. Consolidated Balance sheet and Income statement

(1) Consolidated for the fiscal year Balance Sheets

(Unit : Thousands of yen)

Item	FY2011 1Q (June 30, 2011)	FY2010 (March 31, 2010)
	Amount	Amount
Assets		
I Current Assets		
1. Cash and cash equivalents	1,201,263	1,023,386
2. Notes and accounts receivable	1,282,942	1,434,892
3. Income taxes receivable	15,219	11,934
4. Deferred tax assets	80,961	72,197
5. Others	60,956	50,495
Allowance for doubtful accounts	-3,209	-4,646
Total currents assets	2,638,133	2,588,260
II Fixed Assets		
1. Property and equipment		
(1) Buildings and structures (net)	27,378	28,644
(2) Tools, furnitures and fixtures (net)	20,883	22,532
(3) Lease assets (net)	6,284	6,755
Total fixed assets	54,545	57,932
2. Intangible fixed assets		
(1) Goodwill	100,944	106,680
(2) Software	22,126	25,842
(3) Others	1,721	1,745
Total intangible fixed assets	124,792	134,267
3. Investments and other assets		
(1) Investments in securities	67,864	38,452
(2) Deposits and guarantees	162,522	186,835
(3) Deferred tax assets	55,242	49,931
(4) Others	11,043	10,998
Allowance for doubtful accounts	-6,048	-5,965
Total investments and other assets	290,624	280,251
Total fixed assets	469,962	472,451
Total Assets	3,108,096	3,060,712

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

(Unit : Thousands of yen)

Item	FY2011 1Q (June 30, 2010)	FY2010 (March 31, 2010)
	Amount	Amount
LIABILITIES		
I Current Liabilities		
1. Notes and accounts payable	55,908	77,262
2. Trade liabilities	109,251	152,675
3. Income taxes payable	34,767	5,965
4. Consumption tax payable	114,550	51,324
5. Accrued expenses	702,795	667,064
6. Allowance for bonus payable	38,373	66,068
7. Others	148,890	112,667
Total current liabilities	1,204,536	1,133,030
II Fixed Liabilities		
1. Lease obligation	4,398	4,870
Total fixed liabilities	4,398	4,870
Total Liabilities	1,208,935	1,137,900
SHAREHOLDERS' EQUITY		
III Shareholder's equity		
1. Capitalization	406,970	406,970
2. Capital surplus	432,958	432,958
3. Retained earnings	1,314,076	1,343,792
4. Treasury stock	-382,410	-382,410
Total Shareholders' Equity	1,771,594	1,801,310
IV Valuation and translation adjustments		
1. Net unrealized gain/loss on other securities	1,743	2,983
Total valuation And translation adjustments	1,743	2,983
V Stock acquisition rights	32,825	28,228
VI Minority interest	92,997	90,290
Total net assets	1,899,160	1,922,812
Total Liabilities And Net Assets	3,108,096	3,060,712

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

(2) Consolidated Income Statements
(April 1, 2009 – March 31, 2010)

(Unit : Thousands of yen)

Item	FY2010 1Q (April 1, 2009 -June 30, 2009)	FY2011 1Q (April 1, 2010 -June 30, 2010)
	Amount	Amount
I Net sales	3,021,734	2,859,247
II Cost of sales	2,327,722	2,227,745
Gross profit on sales	694,012	631,501
III selling, general and administrative expenses	621,627	565,699
Operating Income	72,385	65,802
IV Non-operating revenues		
1. Interest received	68	133
2. Commissions receivable	46	43
3. Equity in affiliates' earnings	-	67
4. Indemnity receivable	39	47
5. Others	2	50
Total non-operating revenues	157	342
V Non-operating income		
1. Commitment fee	299	299
2. Subsidiary establishment expense	-	12,226
3. Others	-	11
Total non-operating income	299	12,536
Ordinary income	72,244	53,608
VI Extraordinary gains		
1. Reversal of allowance for doubtful account	-	1,353
2. Reversal of reserve for bonuses	1,138	997
Total extraordinary gains	1,138	2,350
VII Extraordinary Loss		
1. Loss on retirement of fixed assets	7	-
2. Impairment loss	1,610	-
3. Expenses for restoration to original state	2,442	-
4. Penalty charges for terminating office lease contract	2,115	-
5. Cancellation penalties	4,337	-
6. Effect of the newly applied Accounting Standard for Asset Retirement Obligations	-	20,164
Total extraordinary loss	10,513	20,164
Net income before taxes	62,868	35,794
Corporate tax, resident tax and business tax	23,435	31,088
Income taxes adjustments	3,618	-13,636
Total corporate tax	27,054	17,451
Quarterly net income before income taxes and minority interests	-	18,342
Minority interests in income	-	2,707
Net income	35,814	15,635

(3) Consolidated Statement of Cash Flows

(Unit: Thousands of yen)

	FY2010 1Q (April 1, 2009 – June 30, 2009)	FY2011 1Q (April 1, 2010 – June 30, 2010)
	Amount	Amount
I Cash flow operating activities		
Income before income taxes and minority interests	62,868	35,794
Depreciation and amortization	10,744	7,612
Impairment loss	1,610	-
Amortization of goodwill	-	5,736
Effect of the newly applied Accounting Standard for Asset Retirement Obligations	-	20,164
Changes in provision for doubtful accounts	18	-1,353
Changes in provision for bonuses	-32,146	-27,695
Interest and dividend income	-68	-133
Loss on retirement of fixed assets	7	-
Equity in affiliates' earnings	-	-67
Change in accounts receivable	217,439	151,950
Change in accounts payable	-6,381	-21,354
Change in consumption tax payable	-26,739	63,225
Change in accrued expenses	7,712	35,730
Change in trade liabilities	-2,450	-43,424
Others	-4,279	19,333
Subtotal	228,333	245,519
Interest and dividends received	0	1
Income taxes paid	-117,164	-3,116
Net cash from operating activities	111,169	242,403
II Net cash from operating		
Payments for purchase of property and equipment	-2,026	-448
Payments for purchases of intangible fixed assets	-2,221	-
Purchases of investment securities	-9,794	-31,025
Proceeds from cancel of the deposits and guarantees	-81	-
Proceeds from withdrawal of time deposits	681	3,002
Net cash from investing activities	-13,440	-28,471
III Cash flow from financing activities		
Payments for repayment of lease obligations	-471	-471
Payments for dividends	-28,210	-35,583
Cash flow from Financing Activities	-28,681	-36,055
IV Change in cash and cash equivalents	69,047	177,876
V Cash and cash equivalents at the beginning of the period	973,512	1,023,386
VI Cash and Cash equivalents, end of Q4	1,042,559	1,201,263

(4) Notes on the premises of a going concern
None

(5) Segment Information
[Industry segments]

Previous consolidated period (April 1, 2009 – June 30, 2009)

(Unit: Thousands yen of yen)

	Outsourcing business	Temporary Staffing	Total	Eliminatio ns and corporate	Consolidated
Net Sales					
(1) Sales to external clients	1,051,065	1,970,669	3,021,734	-	3,021,734
(2) Internal sales or transfers between segments	913	-	913	(913)	-
Total	1,051,978	1,970,669	3,022,648	(913)	3,021,734
Operating income	49,488	90,091	139,580	(67,194)	72,385

[Geographical Segments]

This section has been abridged, as the Company had no overseas consolidated subsidiaries or important overseas offices during the previous consolidated accounting first quarter (from April 1, 2009 to June 30, 2009).

[Overseas Sales]

This section has been abridged, as the Company had no overseas sales during the previous consolidated accounting first quarter (from April 1, 2009 to June 30, 2009).

[Segment Information]

1. Summary of reported segments

Financial Statements are available for each reported segment of the Group, and these are reviewed by the board of directors' meeting on a regular basis to determine management resource allocation and performance evaluation.

The main business of the Group is outsourcing and temporary staffing in retail support and sales promotion for BtoC (Business-to-Consumer) companies including digital consumer electronics manufacturers, mobile phone companies, consumer products companies, and financial service companies. Based on the corporate structure, therefore, the reported segments of the Group are the "outsourcing business" and the "temporary staffing business".

The outsourcing business is to provide retail support in the distribution channel for the digital consumer products manufacturers mainly in the digital consumer electronics industry. The retail support business includes sales promotion work for the multi-functional and complex products that require detailed explanation at the point of sale to effectively draw consumer attention to products, market research on distribution channels, POS data analysis service with clients attributes for retailers and manufacturers, and consulting services to utilize information.

Temporary staffing business is to provide specially skilled temporary staff members to consumer products manufacturers such as those in digital consumer electronics sector and to other customers in the apparel industry. In order to respond to the needs to employ these specially skilled temporary staff members on a permanent basis, the temporary staffing business includes temporary to direct hire service.

Some aspects of the allocation method of sales expenses and operating expenses that are common across the company are currently under review following the adoption of the management approach.

2. Sales, profit or loss amount by segments

Consolidated period (April 1, 2010 – June 30, 2010)

(Unit: Thousands yen of yen)

	Outsourcing business	Temporary Staffing	Total	Eliminatio ns and corporate	Consolidated
Net Sales					
(1) Sales to external clients	1,079,067	1,780,180	2,859,247	-	2,859,247
(2) Internal sales or transfers between segments	217	-	217	(217)	-
Total	1,079,284	1,780,180	2,859,464	(217)	2,859,247
Operating income	43,919	21,882	65,802	-	65,802

3. Impairment loss on fixed assets or amortization of goodwill by segments

(Important impairment loss on fixed assets)

None

(Important changes in the amount of amortization of goodwill)

None

(Additional information)

The Company adopted the “Accounting Standard for Disclosures about Segments of an Enterprise and Related information” (ASBJ Statement No.17, issued on March 27, 2009) and the “Guidance on the Accounting Standard for Disclosures about Segments of an Enterprise and Related information” (Guidance No.20, issued on March 21, 2008) from the current consolidated accounting first quarter.

(6) Note in the event of any significant change in shareholders' equity

No significant changes were reported.

(7) Other note disclosures

(Consolidated quarterly balance sheet)

As at the end of the current consolidated accounting first quarter (ending June 30, 2010)

*1 Accumulated depreciation on property and equipment was ¥154.385 million.

*2 Loan commitment contract

The Company has a loan commitment contract with a line bank in order to secure an expeditious and stable supply of funds.

The outstanding balance of the loan commitment contract as of the end of the current consolidated accounting first quarter was as follows.

Loan commitment contract total amount	400,000 thousand yen
Amount borrowed	—
Balance	400,000

(Consolidated quarterly profit and loss statement)

FY2011 1Q (April 1, 2010 – June 30, 2010)

*1 Main expense items and the amounts for selling, general and administrative expenses are as follows.

Employee s' salaries	198,926 thousand yen)
Provision for bonuses	38,189

(Consolidated quarterly Cash Flows statement)

FY2011 1Q (April 1, 2010 – June 30, 2010)

*1 Cash and cash equivalents at quarter end and the amounts listed on the quarterly consolidated balance sheet

Cash and cash equivalents	1,201,263 thousand yen)
Fixed deposits with a deposit term over 3 months	—
cash and cash equivalents	1,201,263

4. Supplementary information

(1) Key indicators for business management

Period	FY2010 1Q (April 1, 2009 – June 30, 2009)	FY2011 1Q (April 1, 2010 – June 30, 2010)	FY2010 (March 31, 2010)
Net sales (thousands of yen)	3,021,734	2,859,247	11,811,575
Ordinary Income (thousands of yen)	72,244	53,608	298,242
Net Income (thousands of yen)	35,814	15,635	159,014
Shareholders' Equity (thousands of yen)	1,694,186	1,899,160	1,922,812
Total assets (thousands of yen)	2,869,379	3,108,096	3,060,712
Shareholders' equity per Share (yen)	13,331.58	14,077.02	14,322.75
Net Income per Share (yen)	284.30	124.12	1,262.28
Net Income per Share(diluted) yen)	284.18	124.08	1,261.77
Equity Ratio (%)	58.5	57.1	59.0
Net cash from operating activities (thousands of yen)	111,169	242,403	129,816
Net cash from investing activities (thousands of yen)	-13,440	-28,471	-34,061
Cash flow in financing activities (thousands of yen)	-28,681	-36,055	-45,880
Cash and cash equivalents, end of Q4 (thousands of yen)	1,042,559	1,201,263	1,023,386
The number of employee (person)	235	222	218

Note: Amounts do not include consumption tax.

(2) Production, Orders and Sales

① Actual production results

This section has been abridged, as the outsourcing business and temporary staffing business of the Group do not correspond to the description of actual production results.

② Actual orders received

This section has been abridged, as both on-going long-term orders and one-off short-term orders exist for the outsourcing business and temporary staffing business of the Group, making it difficult to accurately grasp the order situation.

③ Actual sales results

The actual sales results by segments for the previous consolidated accounting first quarter and the current consolidated accounting first quarter are as follows.

(Unit: Thousands yen of yen)

Business Segment	FY2010 1Q (April 1, 2009 – June 30, 2009)		FY2011 1Q (April 1, 2010 – June 30, 2010)	
	Amount	Share	Amount	Share
Outsourcing business	1,051,065	34.8	1,079,067	37.7
Temporary Staffing	1,970,669	65.2	1,780,180	62.3
Total	3,021,734	100.0	2,859,247	100.0

Note: Amounts do not include consumption tax.