



November 1, 2010

## Summary of Consolidated Earnings Report for the Second 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 Second Quarter FY2011 (April 1, 2010 – September 30, 2010)

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

	Net Sales		Operating Income		Ordinary Income		Net Income	
		%		%		%		%
FY2011 2Q	6,123	2.2	170	-1.7	161	-7.5	76	-19.1
FY2010 2Q	5,989	-6.7	173	27.5	174	29.3	94	602.1

	Net Income per share (yen)	Net Income per share (Diluted) (yen)
FY2011 2Q	607.27	607.13
FY2010 2Q	750.74	750.41

(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 2Q			%	(Yen)
FY2010	3,329	1,965	55.1	14,560.06
	3,060	1,922	59.0	14,322.75

Reference: Equity capital FY2011 2Q 1,834 million FY2010 1,804 million

2. Dividends

(Record Date)	Dividend per share				
	2Q	2Q	3Q	4Q	Full year
FY2010	yen —	yen 0.00	yen —	yen 360.00	yen 360.00
FY2011	—				
FY2011 (forecasts)		0.00	-	380.00	380.00

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)
Full term	12,490 % 5.7	350 % 18.8	340 % 14.0	190 % 19.5	(Yen) 1,508.25

Note: Change in consolidated financial results forecast for the fiscal year ending March 31, 2011 during the three months ended June 30, 2010: None

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

- 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 2Q	148,515 shares	FY22	148,515 shares
FY23 2Q	22,541 shares	FY22	22,541 shares
FY23 2Q	125,974 shares	FY22 2Q	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
① Current Consolidated cumulative Second Quarter (From April 1, 2010 to September 30, 2010)	9
( 1 ) Consolidated for the fiscal year Balance Sheets.....	10
( 2 ) Consolidated Income Statements.....	12
( 3 ) Consolidated Statement of Cash Flows.....	14
( 4 ) Notes on the premises of a going concern.....	15
( 5 ) Segment Information.....	15
( 6 ) Note in the event of any significant change in shareholders' equity.....	17
( 7 ) Other note disclosures.....	17
4 . Supplementary information.....	18
( 1 ) Key indicators for business management.....	18
( 2 ) Production, Orders and Sales.....	18

## 1. Qualitative Information and Consolidated Business Results

### (1) Analysis of Operating Results

During the current consolidated cumulative second quarter under review, the Japanese economy was supported by strong demand in China, India and other emerging economies and saw signs of recovery among some domestic companies that captured the demand in Asia. However, with the appreciation of the yen and weakening of overseas demand due to unstable U.S. and EU economy, coupled with the termination of political support measures while signs of recovery are weak, the domestic economy is clearly losing its momentum.

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 remains difficult as it is expected to take more time for corporate demand for workforce to take an upward turn, with an active job opening to applicant ratio of only 0.37 for the period from April to June, 2010, and prolonged stagnation of the employment environment.

As the move to tighten regulations through the revision of the Worker Dispatch Act gains momentum, the shakeout of the industry is expected to progress further, given the high likelihood that the demand of client companies will diminish further as a result of the move to revise laws.

Amid drastic changes in the market environment surrounding the temporary staffing business, the Backs Group has endeavored to develop, in the current consolidated cumulative second quarter, a structure as follows which would enable us to respond flexibly to environment changes including revision of relevant laws and regulations.

Further, in order to take advantage of the merit of scale in business operation with respect to hiring, education and training, as well as consolidate business resources, we adopted a resolution on partial business transfer from its subsidiary Entertainment Commons Inc. for the purpose of integrating the temporary staffing businesses of the two companies.

Additionally, 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.

As regards education and training, 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 to enable them to pass the mobile system certification examination and acquire knowledge about product information concerning smart phones and other mobile communications products as well as increasingly sophisticated digital consumer electronics products.

In terms of sales, the current consolidated cumulative second quarter net sales increased 2.2% year on year as a result of scale expansion attributable to the acquisition of national-scale contracts and area-based secretariat batch consignment contracts in mobile telecommunications, as well as the awarding of a contract for operating a major entertainment event.

Gross profit margin decreased 1.8 points year on year as a result of a decline in the overall gross profit margin, despite an increase in gross profit attributable to the awarding of a contract for operating a major event, due to the inclusion of such low-profit projects as tool production. Meanwhile, selling, general and administrative expenses for the current consolidated cumulative second quarter decreased 1.8 points year on year owing to cost reduction and the promotion of company-wide streamlining of business operations.

A non-operating expense of 12 million yen as expenses related to the incorporation of a new company in Beijing, China, 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 second quarter of the fiscal year 2011 were ¥6,123 million (increase 2.2% from the previous fiscal year). Operating Income ¥170 million (down 1.7%), Ordinary income was ¥161 million (down 7.5%), and net income was ¥76 million (down 19.1%).

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. Moreover, scale expansion attributable to the awarding of a contract for operating a major entertainment event led to an increase in net sales. As a result, the current consolidated the second quarter net sales totaled 2,552 million yen (15.4% increase year on year) and operating income was 104 million yen (3.1% 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, a decrease in the demand for temporary staffing due to the reduction of sales channels by some customers for the purpose of improving sales volume and efficiency, as well as the reduction by credit card companies of activities for attracting new card holders attributable to the deterioration of business sentiment and the

enforcement of the Amended Money Lending Business Act, as a result, the current consolidated the second quarter net sales totaled 3,570 million yen (5.5% decrease year on year) and operating profit totaled 65 million yen (0.7% 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, net sales decreased due to cutbacks in sales promotion expenses in the mobile telecommunications segment, including the reduction of areas covered by wide-area batch consignment contracts, and the impact of the downscaling of activities for attracting new card holders in the financial services segment attributable mainly to the enforcement of the Amended Money Lending Business Act. On the other hand, there was an increase in orders received for promotion of credit card subscription in shopping malls and the awarding of a contract for operating a major entertainment event. As a result, the current consolidated second quarter net sales totaled 3,742 million yen (1.0% increase year on year).

(b) National\*2

On a nation-wide basis, the significant contribution made by wide-area batch consignment contracts commenced in the quarter under review and the awarding of a contract for operating a major event resulted in current consolidated cumulative second quarter net sales of 2,381 million yen (4.2% increase year on year).

(3) By customer industry

(a) Mobile telecommunications\*3

In the mobile telecommunications segment, although net sales declined in spite of the acquisition of secretariat projects that the Company had been working on since the previous fiscal period, due to the impact of some customers reducing sales channels, the rate of decline has improved. This owes to the upward trend in the orders received in connection with companies focusing their efforts on the demand for smart phones, which allow users to enjoy a wide variety of contents. As a result, the current consolidated the second quarter net sales totaled 3,191 million yen (0.5% decrease year on year).

(b) Digital consumer electronics\*4

In the digital consumer electronics segment, net sales declined due to the impact of the reduction in areas covered by wide-area batch consignment contracts, although subscription services to paid television channels continued at a strong pace and secretariat projects increased, as did orders received for campaigns. As a result, the current consolidated second quarter net sales totaled 1,528 million yen (10.8% decrease year on year).

(c) Financial services\*5

In the financial services segment, net sales has been trending downward as credit companies reduced activities for attracting new card holders, in spite of the steady inflow of new orders for campaigns of credit cards co-branded with shopping malls, etc. As a result, the current consolidated second quarter net sales totaled 219 million yen (13.1% decrease year on year) .

(d) New Sectors\*6

In the new business segment, as a result of significant growth attributable to the awarding of a contract for operating a major entertainment event and an increase in campaign orders for consumer products and the like, and as a result, the current consolidated second quarter net sales totaled 1,183 million yen (45.2% increase 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

Total assets for the current consolidated second quarter increased by ¥268 million from the end of the previous consolidated fiscal year, resulting in an asset balance of ¥3,329 million. This was primarily due to decreases by ¥23 million in deposits and guarantees, ¥11 million in income taxes receivable attributable to the adoption of the accounting standard for asset retirement obligations, and ¥11 million in goodwill attributable to amortization of goodwill, while there were increases by ¥163 million in cash and cash equivalents, ¥136 million in notes and accounts receivable, and ¥30 million in investments in securities attributable to the acquisition of the shares of ICR Co., Ltd., which became an equity method affiliated company from the current period.

Net assets totaled ¥1,965 million, increasing by ¥42 million from the end of the previous consolidated fiscal year.

Equity ratio dropped to 55.1%, a decrease of 3.9 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 end of the current consolidated second quarter increased by ¥163 million from the end of the previous consolidated fiscal year, resulting a balance of ¥1,186 million (16.0% increase from the end of the previous consolidated fiscal year).

The details of cash flows as at the end of the current consolidated second quarter and the relevant causes are as follows:

(Cash flow in operating activities)

Cash gained in operating activities was ¥241 million (a 109.6% increase from the end of the previous consolidated fiscal year). This was primarily due to the ¥141 million in net quarterly income before taxes, ¥20 million in impact due to the adoption of the accounting standard for asset retirement obligations, ¥18 million in income tax refund, ¥15 million in depreciation and amortization, ¥11 million in amortization of goodwill, and ¥18 million in increase in advance received.

(Cash flow in investing activities)

Cash used in investing activities was ¥29 million (¥692 thousand for investments 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 ¥48 million (a 10.4% increase from the end of the previous consolidated fiscal year). This is due mainly to the payment of ¥47 million as dividend payment.

### (3) Quantitative Information on Consolidated Results Forecast

As announced in the “Notice of Revised Financial and Dividend Forecasts and Recording of Extraordinary Losses” dated October 12, 2010, it is expected that the consolidated net sales for the entire March 2011 period will increase by ¥579 million from the previously announced forecast to ¥12,490 million due to the awarding of a contract for operating a major event during the current consolidated cumulative second quarter and steady progress in the acquisition of area-based secretariat batch consignment contracts in the second half of the period.

On the income side, it is expected that operating income will increase by ¥89 million to ¥350 million, ordinary income will increase by ¥79 million to ¥340 million, and net quarterly income will increase by ¥58 million to ¥190 million, due to an increase in gross profit attributable to the increase in net sales from the awarding of the aforementioned contract for operating a major event and other contracts, as well as the continued contribution of the cost reduction effects of operational streamlining of business operations.

※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

None

### (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 ¥2.041 million and the net income before taxes for the current quarter also decreased, by ¥22.206 million. The change in the deposits and guarantees as a result of adopting the accounting principles was ¥22.206 million.

### (4) Changes in presentation

#### ① Current Consolidated cumulative Second Quarter (From April 1, 2010 to September 30, 2010)

(Consolidated Quarterly Income Statements)

Amortization of goodwill was included in other cash flows from operating activities in the previous consolidated cumulative second quarter; however, since its importance increased during the current consolidated cumulative second quarter, this is now listed separately from the current consolidated cumulative second quarter. The amortization of goodwill for the previous consolidated cumulative second quarter was ¥1,152,000.

(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 second quarter, this is now listed separately from the current consolidated accounting second quarter. The amortization of goodwill for the previous consolidated accounting second quarter was ¥1,152,000.

#### ② Current Consolidated Accounting Second Quarter (From July 1, 2010 to September 30, 2010)

(Consolidated Quarterly Income Statements)

Since the Group adopted the rules stipulated in "Cabinet Office Ordinance of Partial Revision to the Regulations for Terminology, Forms and Preparation of Financial Statements" (Cabinet Ordinance 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 second quarter.

## 3. Consolidated Balance sheet and Income statement

## (1) Consolidated for the fiscal year Balance Sheets

(Unit : Thousands of yen)

Item	FY2011 2Q (July1, 2010 -September 30, 2010))	FY2010 (March 31, 2010)
	Amount	Amount
<b>Assets</b>		
<b>I Current Assets</b>		
1. Cash and cash equivalents	1,186,931	1,023,386
2. Notes and accounts receivable	1,571,886	1,434,892
3. Income taxes receivable	-	11,934
4. Deferred tax assets	84,844	72,197
5. Others	42,394	50,495
Allowance for doubtful accounts	-4,484	-4,646
<b>Total currents assets</b>	<b>2,881,573</b>	<b>2,588,260</b>
<b>II Fixed Assets</b>		
1. Property and equipment		
(1) Buildings and structures (net)	26,113	28,644
(2) Tools, furnitures and fixtures (net)	19,435	22,532
(3) Lease assets (net)	5,812	6,755
<b>Total fixed assets</b>	<b>51,361</b>	<b>57,932</b>
2. Intangible fixed assets		
(1) Goodwill	95,208	106,680
(2) Software	18,533	25,842
(3) Others	902	1,745
<b>Total intangible fixed assets</b>	<b>114,645</b>	<b>134,267</b>
3. Investments and other assets		
(1) Investments in securities	69,213	38,452
(2) Deposits and guarantees	163,283	186,835
(3) Deferred tax assets	42,878	49,931
(4) Others	14,344	10,998
Allowance for doubtful accounts	-8,172	-5,965
<b>Total investments and other assets</b>	<b>281,547</b>	<b>280,251</b>
<b>Total fixed assets</b>	<b>447,554</b>	<b>472,451</b>
<b>Total Assets</b>	<b>3,329,127</b>	<b>3,060,712</b>

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

(Unit : Thousands of yen)

Item	FY2011 2Q (July1, 2010 -September 30, 2010)	FY2010 (March 31, 2010)
	Amount	Amount
<b>LIABILITIES</b>		
I Current Liabilities		
1. Notes and accounts payable	211,413	77,262
2. Trade liabilities	120,884	152,675
3. Income taxes payable	71,966	5,965
4. Consumption tax payable	81,173	51,324
5. Accrued expenses	661,959	667,064
6. Allowance for bonus payable	72,244	66,068
7. Others	139,781	112,667
Total current liabilities	1,359,424	1,133,030
II Fixed Liabilities		
1. Lease obligation	3,927	4,870
Total fixed liabilities	3,927	4,870
<b>Total Liabilities</b>	<b>1,363,352</b>	<b>1,137,900</b>
<b>SHAREHOLDERS' EQUITY</b>		
III Shareholder's equity		
1. Capitalization	406,970	406,970
2. Capital surplus	432,958	432,958
3. Retained earnings	1,374,941	1,343,792
4. Treasury stock	-382,410	-382,410
<b>Total Shareholders' Equity</b>	<b>1,832,459</b>	<b>1,801,310</b>
IV Valuation and translation adjustments		
1. Net unrealized gain/loss on other securities	1,697	2,983
2. Foreign currency translation adjustment	32	-
Total valuation And translation adjustments	1,729	2,983
V Stock acquisition rights	35,750	28,228
VI Minority interest	95,835	90,290
Total net assets	1,965,775	1,922,812
<b>Total Liabilities And Net Assets</b>	<b>3,329,127</b>	<b>3,060,712</b>

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

(2) Consolidated Income Statements  
(April 1, 2009 – September 30, 2010)

(Unit : Thousands of yen)

Item	FY2010 2Q (April 1, 2009 -September 30, 2009)	FY2011 2Q (April 1, 2010 -September 30, 2010)
	Amount	Amount
I Net sales	5,989,943	6,123,693
II Cost of sales	4,614,781	4,830,172
Gross profit on sales	1,375,162	1,293,521
III selling, general and administrative expenses	1,201,920	1,123,180
Operating Income	173,242	170,340
IV Non-operating revenues		
1. Interest received	286	412
2. Commissions receivable	92	87
3. Equity in affiliates' earnings	-	1,453
4. Reversal of unpaid dividends	1,085	1,720
5. Indemnity receivable	739	108
6. Others	103	629
Total non-operating revenues	2,036	4,412
V Non-operating income		
1. Interest expenses	-	42
2. Commitment fee	601	601
3. Subsidiary establishment expense	-	12,226
4. Others	-	11
Total non-operating income	601	12,881
Ordinary income	174,946	161,871
VI Extraordinary gains		
1. Reversal of reserve for bonuses	1,138	997
Total extraordinary gains	1,138	997
VII Extraordinary Loss		
1. Loss on sale of fixed assets	-	655
2. Loss on retirement of fixed assets	117	810
3. Impairment loss	1,610	-
4. Expenses for restoration to original state	2,442	-
5. Penalty charges for terminating office lease contract	2,115	-
6. Cancellation penalties	4,909	-
7. Effect of the newly applied Accounting Standard for Asset Retirement Obligations	-	20,164
Total extraordinary loss	11,194	21,629
Net income before taxes	164,889	141,238
Corporate tax, resident tax and business tax	57,255	64,356
Income taxes adjustments	13,060	-5,163
Total corporate tax	70,315	59,192
Quarterly net income before income taxes and minority interests	-	82,045
Minority interests in income	-	5,545
Net income	94,574	76,500

(July 1, 2009 – September 30,2010)

(Unit : Thousands of yen)

Item	FY2010 2Q (July 1, 2009 -September 30, 2009)	FY2011 2Q (July 1, 2010 -September 30, 2010)
	Amount	Amount
I Net sales	2,968,208	3,264,446
II Cost of sales	2,287,059	2,602,427
Gross profit on sales	681,149	662,019
III Selling, general and administrative expenses	580,293	558,833
Operating Income	100,856	103,185
IV Non-operating revenues		
1. Interest received	217	279
2. Commissions receivable	45	44
3. Equity in affiliates' earnings	-	1,386
4. Reversal of unpaid dividends	1,085	1,720
5. Indemnity receivable	700	60
6. Others	101	578
Total non-operating revenues	2,148	4,069
V Non-operating income		
1. Interest expenses	-	42
2. Commitment fee	302	302
Total non-operating income	302	345
Ordinary income	102,702	106,909
VI Extraordinary Loss		
1. Loss on sale of fixed assets	-	655
2. Loss on retirement of fixed assets	110	810
3. Cancellation penalties	571	-
Total extraordinary loss	681	1,465
Net income before taxes	102,021	105,444
Corporate tax, resident tax and business tax	33,820	33,267
Income taxes adjustments	9,441	8,473
Total corporate tax	43,261	41,741
Quarterly net income before income taxes and minority interests	-	63,703
Minority interests in income	-	2,838
Net income	58,759	60,864

## (3) Consolidated Statement of Cash Flows

(Unit: Thousands of yen)

	FY2010 2Q (April 1, 2009 – September 30, 2009)	FY2011 2Q (April 1, 2010 – September 30, 2010)
	Amount	Amount
I Cash flow operating activities		
Income before income taxes and minority interests	164,889	141,238
Depreciation and amortization	21,534	15,251
Impairment loss	1,610	-
Amortization of goodwill	-	11,472
Effect of the newly applied Accounting Standard for Asset Retirement Obligations	-	20,164
Changes in provision for doubtful accounts	2,013	2,044
Changes in provision for bonuses	-1,284	6,176
Interest and dividend income	-286	-412
Interest Expenses	-	42
Loss on retirement of fixed assets	117	810
Gain on sales of noncurrent assets	-	655
Equity in affiliates' earnings	-	-1,453
Change in accounts receivable	181,673	-136,993
Change in accounts payable	4,335	134,150
Change in consumption tax payable	-74,616	29,848
Change in accrued expenses	-94,074	-5,103
Change in trade liabilities	10,304	-32,619
Increase in unearned revenue	-	18,154
Others	9,999	21,736
Subtotal	226,217	225,162
Interest and dividends received	128	256
Interest payments	-	-42
Income taxes paid	-111,325	-3,167
Income taxes refund	-	18,885
Net cash from operating activities	115,020	241,094
II Net cash from investing		
Payments for purchase of property and equipment	-2,061	-1,186
Payments for purchases of intangible fixed assets	-2,221	-
Purchases of investment securities	-20,000	-31,025
Proceeds from cancel of the deposits and guarantees	-91	-93
Proceeds from withdrawal of time deposits	23,681	3,292
Net cash from investing activities	-692	-29,012
III Cash flow from financing activities		
Increase in short-term loans payable	-	600,000
Repayment of short-term debt	-	-600,000
Payments for repayment of lease obligations	-942	-942
Payments for dividends	-42,899	-47,444
Cash flow from Financing Activities	-43,842	-48,387
IV Effect of exchange rate change on cash and cash equivalents	-	-149
V Change in cash and cash equivalents	70,486	163,544
VI Cash and cash equivalents at the beginning of the period	973,512	1,023,386
VII Cash and Cash equivalents, end of Q4	1,043,998	1,186,931

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

(5) Segment Information  
[Industry segments]

Previous consolidated Accounting Second Quarter (July 1, 2009 – September 30, 2009)

(Unit: Thousands yen of yen)

	Outsourcing business	Temporary Staffing	Total	Eliminations and corporate	Consolidated
Net Sales					
(1) Sales to external clients	1,161,454	1,806,754	2,968,208	-	2,968,208
(2) Internal sales or transfers between segments	990	-	990	(990)	-
Total	1,162,445	1,806,754	2,969,199	(990)	2,968,208
Operating income	68,375	98,066	166,441	(65,585)	100,856

Previous consolidated cumulative Second Quarter (April 1, 2009 – September 30, 2009)

(Unit: Thousands yen of yen)

	Outsourcing business	Temporary Staffing	Total	Eliminations and corporate	Consolidated
Net Sales					
(1) Sales to external clients	2,212,519	3,777,424	5,989,943	-	5,989,943
(2) Internal sales or transfers between segments	1,904	-	1,904	(1,904)	-
Total	2,214,424	3,777,424	5,991,848	(1,904)	5,989,943
Operating income	117,863	188,157	306,021	(132,779)	173,242

[Geographical Segments]

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

[Overseas Sales]

This section has been abridged, as the Company had no overseas sales during the previous consolidated accounting second quarter (from September 1, 2009 to September 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

Current consolidated cumulative Second Quarter (April 1, 2010 – September 30, 2010)

(Unit: Thousands yen of yen)

	Outsourcing business	Temporary Staffing	Total	Eliminations and corporate	Consolidated
Net Sales					
(1) Sales to external clients	2,552,944	3,570,748	6,123,693	-	6,123,693
(2) Internal sales or transfers between segments	-	91,787	91,787	(91,787)	-
Total	2,552,944	3,662,536	6,215,481	(91,787)	6,123,693
Operating income	104,953	65,387	170,340	-	170,340

Current consolidated accounting Second Quarter (July 1, 2010 – September 30, 2010)

(Unit: Thousands yen of yen)

	Outsourcing business	Temporary Staffing	Total	Eliminations and corporate	Consolidated
Net Sales					
(1) Sales to external clients	1,472,811	1,791,634	3,264,446	-	3,264,446
(2) Internal sales or transfers between segments	-	90,052	90,052	(90,052)	-
Total	1,472,811	1,881,687	3,354,499	(90,052)	3,264,446
Operating income	58,540	44,644	103,185	-	103,185

## 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 second quarter (ending September 30, 2010)

\*1 Accumulated depreciation on property and equipment was ¥143.483 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 second quarter was as follows.

	(Thousand yen)
Loan commitment contract total amount	400,000
Amount borrowed	—
Balance	400,000

(Consolidated quarterly profit and loss statement)

FY2011 2Q (April 1, 2010 – September 30, 2010)

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

	(Thousand yen)
Employee s' salaries	391,638
Provision for bonuses	72,209
Provision for doubtful receivables	2,044

FY2011 2Q (July 1, 2010 – September 30, 2010)

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

	(Thousand yen)
Employee s' salaries	192,712
Provision for bonuses	34,019
Provision for doubtful receivables	3,397

(Consolidated quarterly Cash Flows statement)

FY2011 2Q (April 1, 2010 – September 30, 2010)

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

	(Thousand yen)
Cash and cash equivalents	1,186,931
Fixed deposits with a deposit term over 3 months	—
cash and cash equivalents	1,186,931

## 4. Supplementary information

## (1) Key indicators for business management

Period	FY2010 2Q (April 1, 2009 – September 30, 2009)	FY2011 2Q (April 1, 2010 – September 30, 2010)	FY2010 2Q (July 1, 2010 – September 30, 2010)	FY2011 2Q (July 1, 2010 – September 30, 2010)	FY2010 (March 31, 2010)
Net sales (thousands of yen)	5,989,943	6,123,693	2,968,208	3,264,446	11,811,575
Ordinary Income (thousands of yen)	174,946	161,871	102,702	106,909	298,242
Net Income (thousands of yen)	94,574	76,500	58,759	60,864	159,014
Shareholders' Equity (thousands of yen)	-	-	1,757,940	1,965,775	1,922,812
Total assets (thousands of yen)	-	-	2,856,759	3,329,127	3,060,712
Shareholders' equity per Share (yen)	-	-	13,797.85	14,560.06	14,322.75
Net Income per Share (yen)	750.74	607.27	466.44	483.15	1,262.28
Net Income per Share(diluted) yen)	750.41	607.13	466.23	483.05	1,261.77
Equity Ratio (%)	-	-	60.8	55.1	59.0
Net cash from operating activities (thousands of yen)	115,020	241,094	-	-	129,816
Net cash from investing activities (thousands of yen)	-692	-29,012	-	-	-34,061
Cash flow in financing activities (thousands of yen)	-43,842	-48,387	-	-	-45,880
Cash and cash equivalents, end of Q4 (thousands of yen)	-	-	1,043,998	1,186,931	1,023,386
The number of employee (person)	-	-	227	217	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 second quarter and the current consolidated accounting second quarter are as follows.

(Unit: Thousands yen of yen)

Business Segment	FY2010 2Q (April 1, 2009 – September 30, 2009)		FY2011 2Q (April 1, 2010 – September 30, 2010)	
	Amount	Share	Amount	Share
Outsourcing business	2,212,519	36.9	2,552,944	41.7
Temporary Staffing	3,777,424	63.1	3,570,748	58.3
Total	5,989,943	100.0	6,123,693	100.0

Note: Amounts do not include consumption tax.