

Highlights Financial Results of the Third Quarter Ending June 2009

May 15, 2009
Stock listings: Tokyo Stock Exchange

Listed Company: Radia Holdings, Inc.
Code number: 4723 URL: <http://www.radiaholdings.com>
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Name of contact person: (Position) Senior Executive Officer, General Manager, Public Relations and Investor Relations Division
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Scheduled Date for Submitting Quarterly Results: May 15, 2009
Scheduled Date for Starting Dividend Payments: —

(Amounts less than 1 Million Yen are omitted.)

1. Consolidated Results of the Third Quarter of fiscal year ending June 2009 (From July 1, 2008 to March 31, 2009)

(1) Consolidated Business Status (Accumulated) (Percentages indicate year-on-year rate of change)

	Net Sales		Operating Income		Recurring Profits		Quarterly Net Income	
	million yen	%	million yen	%	million yen	%	million yen	%
3rd quarter FY June 2009	259,056	-	-1,284	-	-6,597	-	-13,578	-
3rd quarter FY June 2008	465,405	43.6	-2,674	-	-7,883	-	-1,112	-

	Quarterly Net Income per Share	Quarterly Net Income per Share after Adjustment for Latent Shares
3rd quarter FY June 2009	yen -3,773.91	yen -
3rd quarter FY June 2008	yen -454.91	yen -

(2) Consolidated Financial Status

	Total Assets	Net Assets	Capital Adequacy Ratio	Net Assets per Share
	million yen	million yen	%	yen
3rd quarter FY June 2009	142,727	344	-13.7	-3,206.85
FY June 2008	202,040	18,152	-2.7	-1,830.17

(Reference) Equity capital for 3rd quarter FY June 2009: -19,601 million yen
Equity capital for FY June 2008: -5,476 million yen

2. Dividends

(Record date)	Dividend per Share				
	End of Q1	End of Q2	End of Q3	End of term	Full year
	yen	yen	yen	yen	yen
FY June 2008	-	0.00	-	0.00	0.00
FY June 2009	-	0.00	-	-	-
FY June 2009 (Forecast)	-	-	-	0.00	0.00

(Note) Adjustment for the forecasted dividends of this quarter: No

3. Forecast of consolidated results for FY June 2009 (July 1, 2008 to June 30, 2009)

(Percentages indicate year-on-year rate of change)

	Net Sales		Operating Income		Recurring Profits		Net Income		Net Income per Share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
Full year	347,000	-40.1	1,100	-	-4,400	-	-10,000	-	-3,341.86

(Note) Adjustment for the forecast of consolidated results for FY June 2009 of this quarter: No

For details, please refer to "Qualitative Information and Financial Statements etc. '3. Qualitative Information on Forecast of consolidated results' on page 5.

4. Others

(1) Change in major subsidiaries during the quarter (change in designated subsidiaries resulting in change in scope of consolidation): No

Newly included ___ companies (Company name)

Excluded ___ companies (Company name)

(2) Apply simplified methods of accounting treatment and/or accounting procedures specifically designated to prepare quarterly consolidated financial statements: No

(3) Changes in accounting principles and procedures or methods of presentation etc. for the creation of quarterly consolidated financial statements (noted in "Changes in Substantive Matters that Form the Basis for the Creation of Quarterly Consolidated Financial Statements")

a. Changes in conjunction with amendments to accounting standards etc.: Yes

b. Other changes: Yes

(Note) For details, please refer to "Qualitative Information and Financial Statements etc. '4. Others' " on page 6.

(4) Issued and outstanding shares (common stock)

a. Issued and outstanding shares (including treasury shares) 3rd quarter FY June 2009 6,142,118 shares FY June 2008 3,022,118 shares

b. Treasury shares 3rd quarter FY June 2009 29,773 shares FY June 2008 29,773 shares

c. Average number of shares during the period (For quarterly consolidated accumulation period) 3rd quarter FY June 2009 3,598,059 shares 3rd quarter FY June 2008 2,445,018 shares

* Explanation of appropriate use of the forecasts of results and other matters of note

1. The forecast figures described above for the group represent forecasts according to the best judgments of the management based on the information available at the current point in time and contain largely uncertain factors. Actual results may vary from the content of this document due to changes of the business results.

2. From this consolidated fiscal year, "Accounting principles regarding quarterly consolidated financial statements (Corporate Accounting Principles No. 12) and application guidance for accounting principles regarding quarterly financial statements (Application Guidance for Corporate Accounting Principles No. 14)" have been applied. Also the quarterly consolidated financial statements are created in accordance with "Quarterly Consolidated Financial Statements Rules."

Qualitative information, financial statements, etc.

1. Qualitative information on consolidated financial results

The Japanese economy entered a recession during the cumulative third quarter under review (July 1, 2008 – March 31, 2009), with the export industry hit particularly hard as a result of the financial crisis sparked by last year's subprime crisis in the United States impacting on the real economy in the form of a worldwide credit crunch and a slump in the stock market. These major changes in the external environment also made for an increasingly harsh employment situation, causing a decline in the effective ratio of job offers to job seekers and a wave of employment adjustment.

From January 2009, client companies across the board, in virtually all industrial sectors but particularly in the export industry, started to see their results decline at an increasing rate, ushering in major changes in the surrounding economic climate and employment market and producing the harshest economic environment that the Group has ever faced.

With the current emergency far outstripping the positive effects of measures implemented based on "Business Structure Improvement" that launched at October 2008 to date, on March 2, 2009, the Group set out a new program of business restructuring and operational structural reform, essentially a more in-depth series of reforms aimed at ensuring the Group's survival and safeguarding as many jobs as possible whilst also making every effort to provide client companies with reliable services and shore up the Group's operating base. As part of reforms, the Group (1) transferred selected subsidiary operations, (2) restructured three companies in the technical sector, (3) restructured back-office departments at individual Group companies and (4) made cutbacks in areas such as executive salaries.

As the above measures will enable the Group to weather the current crisis, efforts are now underway to rebuild a stable management framework from a medium- to long-term standpoint based on profit growth from technical personnel dispatch operations in particular and the optimum allocation of resources.

Sales over the course of the cumulative third quarter under review (July 1, 2008 – March 31, 2009) were seriously affected by restrained capital investment, reduced production and personnel cutbacks at client companies as a result of the economic environment and recession. Consequently, sales stood at ¥259.056 billion (*1).

Despite a reduction in selling, general and administrative expenses as a result of measures such as relocating the Group's headquarters and reducing personnel as part of operational structural reform, revenue slipped to an operating loss of ¥1.284 billion, reflecting the decline in sales.

With interest expenses of ¥4.020 billion and exchange-rate losses of ¥691 million, ordinary losses totaled ¥6.597 billion.

Having also posted figures such as business structure improvement expenses and impairment losses, the Group recorded a net loss of ¥13.578 billion.

As the Group's care and medical support services and other lines of business have decreased in importance as a result of the transfer and sale of operations, figures for individual segments are not included here.

Highlights for the cumulative third quarter

(Unit: Million yen)

	Cumulative third quarter (July 1, 2008 – March 31, 2009)	Cumulative third quarter of last year (July 1, 2007 – March 31, 2008)	Rate of change (%)
Sales	259,056	465,405	-44.3%
Cost of sales	211,645	368,893	-42.6%
Gross operating profit	47,410	96,511	-50.9%
Selling, general and administrative expenses	48,694	99,185	-50.9%
(Amortization of goodwill) (*2)	2,224	2,527	-12.0%
Operating profit or loss (-)	-1,284	-2,674	-
Interest payable	4,020	4,788	-16.0%
Ordinary profit or losses(-)	-6,597	-7,883	-
Extraordinary gains and losses (*3)	-6,374	11,001	-
Net income or loss (-)	-13,578	-1,112	-

(*1) Accounting term for overseas operations

As the accounting term for overseas operations ends in March, figures refer to the nine month period from April 1, 2008 to December 31, 2008.

(*2) Amortization of goodwill

Amortization of goodwill for the cumulative third quarter under review totalled ¥2.224 billion, down ¥302 million from the same period the previous year.

[Breakdown]

Amortization of goodwill

RADIA HOLDINGS Premier Inc. domestic subsidiaries	¥1,229 billion
RADIA HOLDINGS Premier Inc. overseas subsidiaries	¥779 million
Other subsidiaries	¥216 million

(*3) Extraordinary gains and losses

The main extraordinary gains and losses during the cumulative third quarter under review were as follows.

[Breakdown]

(Unit: Million yen)

Description	Total
Ordinary losses(-)	-6,597
Profit from liquidation of subsidiaries	1,095
Reversal of allowance for investment loss	605
Business restructuring expenses	-5,567
Impairment losses	-2,201
Other extraordinary gains and losses	-305
Loss before taxes (-)	-12,972
Corporate income taxes and minority interests	-606
Net loss (-)	-13,578

2. Qualitative information on consolidated financial position

Assets, liabilities and net assets as of the end of the cumulative third quarter under review were as follows.

1) Current assets

Current assets fell by ¥37.907 billion from the end of the previous year to ¥53.681 billion. Primary factors included a decline in trade notes and accounts receivable, down ¥23.014 billion from the end of the previous year to ¥33.999 billion as a result of the discontinuation of operations and a slump in performance at GOODWILL Co. Ltd., and an increased allowance for doubtful accounts, up ¥4.660 billion from the end of the previous year to ¥5.865 billion.

2) Fixed assets

Fixed assets fell by ¥21.405 billion from the end of the previous year to ¥89.045 billion. The fall owed mainly due to factors such as a decline in the value of both land and buildings and structures, down ¥4.573 billion and ¥4.818 billion respectively as a result of the sale of fixed assets in non-core industries, a ¥2.970 billion drop in building rental deposits as a result of contract terminations at office and other premises and a ¥3.944 billion reduction in goodwill stemming from business integration and restructuring, resulting in amortization of goodwill totaling ¥2.224 billion.

3) Current liabilities

Current liabilities fell by ¥22.958 billion from the end of the previous year to ¥75.121 billion.

This result primarily reflected factors such as a ¥1.210 billion reduction in corporate bonds, a ¥3.764 billion increase in short-term debt (including long-term debt repayable within one year), allowances for losses from withdrawal from business totaling ¥6.108 billion, a ¥2.583 billion increase in allowances for business restructuring and reduction of ¥18.116 billion in accrued expenses.

4) Long-term liabilities

Long-term liabilities fell by ¥18.546 billion from the end of the previous year to ¥67.261 billion.

Key factors included a ¥2.155 billion reduction in corporate bonds and a ¥15.142 billion reduction in long-term debt (including debt transferred to long-term debt payable within one year).

5) Net assets

Net assets fell by ¥17.807 billion from the end of the previous year to ¥344 million. This was mainly attributable to factors such as a net loss of ¥13.578 billion for the cumulative third quarter under review and minority interests fell by ¥3.682 billion and an increase of ¥936 million in both common stock and capital reserves as a result of a debt-for-equity swap on February 6, 2009.

Cash and cash equivalents for the cumulative third quarter under review (hereafter referred to as "funds") came to ¥10.190 billion. Details of cash flows and relevant factors are as follows.

1) Cash flows from operating activities

Funds used in operating activities totaled ¥5.660 billion.

This result was mainly due to factors such as a ¥12.972 billion loss before taxes, collection of ¥15.689 billion in notes and accounts receivable and accrued expenses fell by ¥9.863 billion.

2) Cash flows from investing activities

Funds generated by investing activities totaled ¥7.567 billion.

This result was mainly due to factors such as ¥5.491 billion in revenue from the sale of tangible fixed assets as part of the disposal of underutilized real estate, the recovery of ¥2.223 billion in loans.

3) Cash flows from financing activities

Funds used in financing activities totaled ¥9.150 billion.

This result was mainly due to factors such as ¥5.857 billion in revenue from short-term debt, the repayment of ¥6.735 billion in short-term debt and ¥5.884 billion in long-term debt and payments for the redemption of bonds totaling ¥2.295 billion.

3. Qualitative information on forecast consolidated results

As mentioned in the announcement released on March 2 this year regarding the new program of business restructuring and operational structural reform, the Company has asked its union to consider significantly reduced bonuses in response to the substantial deterioration of the business environment. Negotiations with the union regarding the extent of reductions are still ongoing. Negotiations are also underway with regard to the sale of two properties owned by the Company, namely luxury private nursing home Barrington House in Baijikoen and Kichijoji. Given that the outcome of these negotiations could potentially have a major impact on the Company's results for the current year, earnings forecasts will be published as soon as the relevant uncertain factors have been finalized.

4. Others

- (1) Important changes in subsidiaries during the term (change of specified subsidiaries that lead to a change in the scope of consolidation): None
- (2) Application of simplified accounting treatment and accounting treatment peculiar to the production of quarterly consolidated financial statements: None
- (3) Changes in accounting principles, procedures, presentation method, etc. of quarterly consolidated financial statements
 - 1) Application of "Accounting Standard for Quarterly Financial Reporting" (Accounting Standard - Accounting Standard Boards of Japan Statement No. 12) and "Implementation Guidance on Accounting Standard for Quarterly Financial Reporting" (Accounting Standard Boards of Japan Implementation Guidance No. 14)

Starting in the current consolidated fiscal year, the "Accounting Standard for Quarterly Financial Reporting" (Accounting Standard Boards of Japan Statement No. 12) and "Implementation Guidance for the Accounting Standard for Quarterly Financial Reporting" (Accounting Standard Boards of Japan Implementation Guidance No. 14) apply. Quarterly consolidated financial statements are also produced in compliance with the "Quarterly Consolidated Financial Statement Rules." Pursuant to the provisory clause of Article 7, Paragraph 1, Item 5 of the Supplementary Provision of "Cabinet Office Ordinance on Partial Amendment of the Regulation for Terminology, Format and Preparation Method of Financial Statements, etc." (Cabinet Office Ordinance No. 50, August 7, 2008), revised Quarterly Consolidated Financial Statement Rules have been applied for the quarterly consolidated financial statements.

2) Application of the Accounting Standard for the Measurement of Inventories

Starting in the first quarter, the "Accounting Standard for the Measurement of Inventories" (Accounting Standards Board of Japan Statement No. 9 issued on July 5, 2006) applies. The standard for the measurement has been changed from the cost method to the cost method in which the balance sheet value is determined by reducing the book value to reflect a fall in profitability. The effect of the change on the gains and losses is minor.

3) Application of "Practical Solution for the Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements"

Commencing in the first quarter, the "Practical Solution for the Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements" (Practical Issues Task Force No. 18 issued by the Accounting Standards Board of Japan on May 17, 2006) has been applied, and revisions required for the consolidated financial statements have been made accordingly. The effect of the change on the gains and losses is minor.

(4) Changes related to the fiscal year of the consolidated subsidiaries

With respect to the consolidated subsidiaries Buntechno, Inc. and RADIA HOLDINGS Premier, Inc. (name changed from Goodwill Premier, Inc. as of October 1, 2008), which formerly had closing dates of March 31, and their domestic subsidiaries, financial settlements as of the said closing date were used, with the necessary adjustments made regarding important business deals that took place between the said closing date and the consolidated closing date. Commencing in the first quarter, the closing date of these subsidiaries has been changed to June 30. In accordance with this change, gains and losses in the quarter from April to June in 2008 has been directly included in retained earnings.

Starting in the current consolidated fiscal year, the "Accounting Standard for Quarterly Financial Reporting" (Accounting Standard Boards of Japan Statement No. 12) and "Implementation Guidance for the Accounting Standard for Quarterly Financial Reporting" (Accounting Standard Boards of Japan Implementation Guidance No. 14) apply. Quarterly consolidated financial statements are also produced in compliance with the "Quarterly Consolidated Financial Statement Rules."

5 . [Quarterly Consolidated Financial Statements]

(1) [Quarterly Consolidated Balance Sheets]

(Unit : in million yen)

	End of the consolidated third quarter accounting period (March 31, 2009)	Condensed consolidated balance sheets at the end of the previous fiscal year (June 30, 2008)
Assets		
Current assets		
Cash and deposits	10,293	11,137
Notes and account receivable	33,999	57,014
Inventories	390	753
Other current assets	14,863	23,887
Allowance for doubtful accounts	△5,865	△1,204
Total current assets	53,681	91,589
Fixed assets		
Tangible fixed assets	23,960	33,210
Intangible fixed assets		
Goodwill	46,562	52,731
Other intangible fixed assets	9,877	11,716
Total intangible fixed assets	56,439	64,448
Investments and other assets		
Other investments and other assets	10,840	17,211
Allowance for doubtful accounts	△2,184	△2,770
Allowance for devaluation of investments	△11	△1,648
Total investments and other assets	8,645	12,792
Total fixed assets	89,045	110,451
Total assets	142,727	202,040
Liabilities		
Current liabilities		
Notes and accounts payable	2,009	3,252
Short-term loans payable	37,594	33,830
Accrued expenses payable	17,580	30,977
Income tax payable	273	1,699

Allowance for bonuses	4,991	6,775
Provision for loss on order received	42	59
Allowance for loss in data equipment expenses	545	806
Allowance for return of nursing care	17	105
Allowance for withdrawal from business	560	6,669
Provision for business restructure improvement	2,583	-
Other current liabilities	8,922	13,904
Total current liabilities	75,121	98,080
Fixed liabilities		
Bonds	735	2,890
Long-term loans payable	59,507	74,649
Allowance for employees' retirement benefits	4,097	4,490
Other fixed liabilities	2,921	3,777

(Unit : in million yen)

	End of the consolidated third quarter accounting period (March 31, 2009)	Condensed consolidated balance sheets at the end of the previous fiscal year (June 30, 2008)
Total fixed liabilities	67,261	85,808
Total liabilities	142,382	183,888
Net assets		
Shareholders' equity		
Common stock	35,453	34,517
Capital surplus	44,813	43,878
Retained earnings	△93,383	△78,582
Treasury stock	△2,505	△2,506
Total shareholders' equity	△15,621	△2,691
Valuation and translation adjustments		
Other valuation and translation adjustments	△6	△212
Foreign currency translation adjustments	△3,974	△2,572
Total valuation and translation adjustments	△3,980	△2,784
Minority interests	19,946	23,628

Total net assets	344	18,152
Total liabilities and net assets	142,727	202,040

(2) [Quarterly Consolidated Statements of Income]

[Consolidated Third Quarter Total Period]

(Unit : in million yen)

Consolidated third Quarter
Total Period
(From July 1, 2008
to March 31, 2009)

Sales	259,056
Cost of sales	211,645
Gross profit	47,410
Selling, general and administrative expenses	
Salaries and allowances	21,952
Provision for doubtful accounts	358
Other selling, general and administrative expenses	26,383
Total selling, general and administrative expenses	48,694
Operating loss (△)	△1,284
Non-operating income	
Interest income	70
Rent income	62
Other non-operating income	276
Total non-operating income	408
Non-operating expenses	
Interest expenses	4,020
Loss from foreign exchange	691
Other non-operating expenses	1,010
Total non-operating expenses	5,722
Ordinary losses (△)	△6,597
Extraordinary income	
Gain on sales of fixed assets	241
Gain on liquidation affiliates	1,095
Reversal of allowance for doubtful accounts	274
Reversal of allowance for investment loss	605
Other extraordinary income	45
Total extraordinary income	2,262

Extraordinary losses	
Loss on sales of fixed assets	212
Impairment loss	2,201
Business structure improvement expenses	5,567
Other extraordinary losses	654
Total extraordinary losses	8,636
Quarterly net loss before income taxes (Δ)	Δ 12,972
Income taxes-current	64
Income taxes-deferred	3,106
Total income taxes	3,171
Loss on minority shareholders (Δ)	Δ 2,564
Quarterly net loss (Δ)	Δ 13,578

(Unit : in million yen)

Consolidated third Quarter
Accounting Period
(From January 1, 2009
to March 31, 2009)

Sales	70,637
Cost of sales	60,647
Gross profit	9,990
Selling, general and administrative expenses	
Salaries and allowances	5,551
Provision for doubtful accounts	186
Other selling, general and administrative expenses	5,486
Total selling, general and administrative expenses	11,224
Operating income (△)	△1,234
Non-operating income	
Interest income	22
Gain from foreign exchange	765
Other non-operating income	70
Total non-operating income	859
Non-operating expenses	
Interest expenses	1,291
Other non-operating expenses	321
Total non-operating expenses	1,613
Ordinary losses (△)	△1,988
Extraordinary income	
Reversal of allowance for doubtful accounts	201
Reversal of allowance for investment loss	605
Other extraordinary income	88
Total extraordinary income	894
Extraordinary losses	
Impairment loss	1,496
Business structure improvement expenses	1,511

Other extraordinary losses	90
Total extraordinary losses	3,099
Quarterly net loss before income taxes (Δ)	Δ 4,192
Income taxes- current	Δ 62
Income taxes- deferred	1,696
Total income taxes	1,633
Loss of minority shareholders (Δ)	Δ 1,022
Quarterly net loss (Δ)	Δ 4,804

(3) [Quarterly Consolidated Statements of Cash Flows]

(Unit : in million yen)

Consolidated third quarter
total period
(From July 1, 2008
to March 31, 2009)

Net cash provided by operating activities	
Quarterly net loss before income taxes (△)	△12,972
Depreciation and amortization	2,739
Loss (△Profit) on sales of fixed assets	△28
Loss (△Profit) on liquidation of affiliates	△1,095
Amortization of goodwill	2,224
Increase (△decrease) in allowance for bad debts	△726
Increase (△decrease) in allowance for employees' retirement benefit	123
Increase (△decrease) in allowance for bonuses	△4,949
Increase (△decrease) in provision for loss on order received	△245
Increase (△decrease) in allowance for loss on withdrawal from business	△6,108
Increase (△decrease) in provision for business structure improvement	2,583
Increase (decrease) in reserve for allowance for return of reward for nursing care	△88
Increase (decrease) in allowance for loss in data equipment expenses	△28
Interest and dividend income	△70
Interest expenses	4,020
Decrease(△Increase) in notes and accounts receivable	15,689
decrease(△Increase) in inventories	229
Increase (△decrease) in trade accounts payable	△476
Increase (△decrease) in accrued expenses	△9,863
Other	4,765
Sub-total	△4,276
Interest and dividends received	65

Interest paid	△4,187
Income taxes paid	△1,838
Income taxes refunded	4,576
Net cash provided by operating activities	△5,660
Net cash from investing activities	
Decrease (△Increase) in time deposits	1,533
Proceeds from sales of investment securities	400
Proceeds from liquidation of affiliates	25
Purchases of tangible fixed assets	△581
Proceeds from sales of tangible fixed assets	5,491
Purchases of intangible fixed assets	△291
Payments for loans receivable	△626
Collection of loans receivable	2,223
Payments for business transfer	△251
Other	△355
Net cash from investing activities	7,567

(Unit : in million yen)

Consolidated third quarter
total period
(From July 1, 2008
to March 31, 2009)

Net cash from financing activities	
Proceeds from short term borrowings	5,857
Repayments of short term borrowings	△6,735
Repayments of long term borrowings	△5,884
Payments for redemption of bonds	△2,295
Cash dividends paid	△2
Other	△91
Net cash from financing activities	△9,150
Effect of exchange rate changes on cash and cash equivalents	△82
Net (△decrease) increase in cash and cash equivalents	△7,327
Cash and cash equivalents at beginning of the year	9,689
Net increase in cash and cash equivalents by change in accounting term of consolidated affiliates	9,015
Decrease in cash and cash equivalents due to exclusion of subsidiaries from consolidation	△1,186
Cash and cash equivalents at end of the quarter	10,190

(3) Events and circumstances that raise significant doubt about the going-concern assumption

The Group has posted large losses for two straight fiscal years due to the business withdrawal by Comsn, Inc. and the discontinuation of the business operated by Goodwill, Inc., reporting a net loss of 40,708 million yen in the fiscal year ending June 2007 and an operating loss of 6,683 million yen and net loss of 27,416 million yen in the fiscal year ended June 2008. As a result, the Group saw excessive debts of 2,691 million yen on June 30, 2008. Consequently, the Group violated financial covenants under loan agreements, with certain financial institutions, including its largest lender Promontoria Investments I B.V., requiring accelerated repayment of violated debt of 75,754 million yen. The Group also violated the preconditions of the subscription agreement under which the Group was to issue new shares (Class A preferred stocks) worth 15,500 million yen to Promontoria Investment IB.V by way of private placement in a debt-for-equity swap scheduled for December 25, 2008.

In addition, given that on July 28, 2008, the Group requested 24 of its lenders to allow a one-year grace period, the payment of the loan principal which fell due on July 31, 2008 was consequently temporarily deferred until negotiations over the grace period reached a conclusion.

Moreover, consolidated financial results for the nine-month period under review showed an ordinary loss of 6,597 million yen and a net loss of 13,578 million yen. At the end of the nine-month period under review the Group had excessive debts of 15,621 million yen.

The circumstances described above raise significant doubt about the going-concern assumption.

To resolve the problems outlined above, the Group will seek to execute its mid-term management plan based on the business reconstruction plan announced in October 2008, and will move ahead with business reforms to bolster corporate value in cooperation with Promontoria Investments I B.V. Promontoria Investments I B.V. subscribed for 500,000 common shares (16.73%) on April 25, 2008, and the Group obtained further financing from Promontoria Investments I B.V. in July 2008.

(Details of mid-term management plan)

① Business restructuring

The Group passed a resolution to review the business reestablishment plan at the board meeting on March 2, 2009, and is taking steps such as transferring the manufacturing staffing business operated by Premier-Line, Inc. of the group, cutting 4,000 jobs at three engineering staffing companies and making 500 job-cuts in indirect departments.

② Expansion of overseas business

In world staffing business markets, which will continue to grow in the medium-to-long-term, the Group will increase revenues by expanding existing business and increasing the number of countries in which it operates to achieve continuing and stable sales growth. At the same time, we will achieve further cost savings by consolidating the head office operations of overseas business to achieve strong profitability.

③ Rebuilding brand image with new name

To regain trust that has been lost through a series of scandals and to rebuild our brand image, from October 2008 the Company will operate under the new name Radia Holdings, Inc. and group companies will work together to restructure our management base.

Meanwhile, lenders (including Promontoria Investments I B.V.) currently accounting for more than 98% of our borrowings as of July 31, 2008 have already agreed to our request for a grace period and have agreed not to accelerate these debts. Also, during the current consolidated fiscal year, we plan to request lenders to agree to a renewed grace period.

The Company planned to issue new shares (Class A preferred stocks) worth 15,500 million yen to Promontoria Investment IB.V by way of a private placement in a debt-for-equity swap on December 25, 2008. However, with the impact of the worldwide financial crisis the Company's share value has also fallen sharply and a large disparity between the market price and the conversion price has arisen, so the Company and Promontoria Investments I.B.V. have agreed through consultation to discontinue this plan. In place of this plan, on February 6 the Company issued new shares (common stocks) worth 1,872 million yen by way of private placement in a debt-for-equity swap. It also plans to issue new shares (Class B preferred stocks) worth 13,600 million yen by way of private placement in a debt-for-equity swap in June 2009, and is undertaking recapitalization measures equivalent to the Class A preferred stocks described earlier. The Company also expects to eliminate its excess debts by significantly reducing the payment of bonuses.

On September 30, 2009, Mr. Charles J. Abadie, who has been involved in the successful turnaround of a staffing business in the United States, was appointed Representative Director and Chairman of the Company. Besides working to improve profitability and cash flows, the Company expects to raise funds by pushing ahead with the sale of real estate held by the Group. As a result of these efforts, stabilization of the Company's management and fund procurement is expected.

For the reasons outlined above, the quarterly consolidated financial statements for the third-quarter under review were prepared on the assumption of a going-concern and the quarterly consolidated statements do not reflect the impact of such significant doubt about the going-concern assumption.

(5) Segment information

Segment information by business

The third quarter under review (January 1, 2009 to March 31, 2009) and the cumulative third quarter under review (July 1, 2008 to March 31, 2009)

In the previous consolidated fiscal year, the businesses of Company were segmented into temporary human resource services, care and medical support services, and other lines of business. The nursing care and medical support services operations were scaled down as the Company's withdrew from these operations. Consequently, the amount of sales and the operating loss of the temporary human resource services represent more than 90% of the total amount of sales and the total operating loss for all segments. Consequently, segment information by business is not disclosed.

Geographical segment information

Third quarter under review (January 1, 2009 to March 31, 2009)

(Unit: Million yen)

	Japan	North America	Europe	Total	Elimination and corporate	Consolidated
Sales						
(1) Outside customers	36,913	25,640	8,083	70,637	-	70,637
(2) Inter-segment internal sales or transfers	84	-	-	84	(84)	-
Total	36,997	25,640	8,083	70,721	(84)	70,637
Operating profit or loss (-)	-933	35	-122	-1,020	(213)	-1,234

Cumulative third quarter under review (July 1, 2008 to March 31, 2009)

(Unit: Million yen)

	Japan	North America	Europe	Total	Elimination and corporate	Consolidated
Sales						
(1) Outside customers	141,752	87,310	29,994	259,056	-	259,056
(2) Inter-segment internal sales or transfers	190	-	-	190	(190)	-
Total	141,942	87,310	29,994	259,247	(190)	259,056
Operating profit or loss (-)	-2,625	228	-86	-2,483	1,199	-1,284

(Notes) 1. Grouping of countries and regions is based on the geographical proximity.

2. Main countries and regions included in segments other than Japan:

(1) North America: The United States

(2) Europe: The Netherlands, the United Kingdom

Overseas sales

Third quarter under review (January 1, 2009 to March 31, 2009)

	North America	Europe	Total
I. Overseas sales (million yen)	25,640	8,083	33,724
II. Consolidated sales (million yen)	-	-	70,637
III. Proportion of overseas sales to the consolidated sales (%)	36.3	11.4	47.7

Cumulative third quarter under review (July 1, 2008 to March 31, 2009)

	North America	Europe	Total
I. Overseas sales (million yen)	87,310	29,994	117,304
II. Consolidated sales (million yen)	-	-	259,056
III. Proportion of overseas sales to the consolidated sales (%)	33.7	11.6	45.3

(Notes) 1. Grouping of countries and regions is based on the geographical proximity.

2. Main countries and regions included in segments other than Japan:

(1) North America: The United States

(2) Europe: The Netherlands, the United Kingdom

3. Overseas sales are the sales of the Company and its consolidated subsidiaries in countries and regions except Japan.

(6) Notes for material change in shareholders' equity

As of February 6, 2009, the Company conducted allocation of new shares to Promontoria Investments I B.V., Promontoria Investments II B.V., and Promontoria Investments III B.V. (debt-for-equity swap). As a result, the capital increased by 936 million and the capital reserves increased by 936 million in the third quarter under review, and the capital amounted to 35,453 million and the capital surplus amounted to 44,813 million at the end of the third quarter under review.

APPENDIX

Financial statements for the same cumulative quarter of last year

(1) (Condensed) Consolidated statements of income

Cumulative third quarter of last year (July 1, 2007 to March 31, 2008)

Item	The same cumulative quarter of last year (Cumulative third quarter of the fiscal year ended June 2008)
	Amount (million yen)
I. Sales	465,405
II. Cost of sales	368,893
Gross operating profit	96,511
III. Selling, general and administrative expenses	99,185
(Amortization of goodwill)	(2,527)
Operating profit or loss (-)	-2,674
IV. Non-operating profit	1,866
V. Non-operating expenses	7,075
Recurring profit or loss (-)	-7,883
VI. Extraordinary gains	24,443
VII. Extraordinary losses	13,441
Net income or loss (-) before taxes	3,118
Corporate income taxes.	3,952
Minority interests	278

Item	The same cumulative quarter of last year (Cumulative third quarter of the fiscal year ended June 2008)
	Amount (million yen)
Net income or loss (-)	-1,112

(Note) The figures above are unaudited.

(2) Segment information

Segment information by business

Cumulative third quarter of last year (July 1, 2007 to March 31, 2008)

(Unit: Million yen)

	Temporary human resource services	Care and medical support services,	Others	Total	Elimination and corporate	Consolidated
Sales to outside customers	433,538	23,434	8,431	465,405	-	465,405
Inter-segment internal sales or transfers	762	0	344	1,106	-1,106	-
Total	434,300	23,434	8,776	466,511	-1,106	465,405
Operating expenses	433,318	28,201	10,534	472,055	-3,975	468,079
Operating profit (or operating loss)	981	-4,766	-1,758	-5,543	2,868	-2,674

(Note) 1. The segmentation above is based on the segmentation applied for the internal supervision.

2. Business details

(1) Temporary human resource services: Temporary staffing, contracted security services and contracted construction works, dispatching technical personnel, dispatching aged workers

(2) Care and medical support services: Provision of home nursing care, provision of nursing care at care facilities

(3) Others: Management of senior residences, management of restaurants, marketing food articles

3. Of the operating expenses above, the amount of unclassifiable operating expenses included in the elimination and corporate category is ¥4,016 million, most of which are expenses related to the Company's administrative department.

4. Changes in the method of segmentation by business

The Company used to segment its businesses into five categories – temporary human resource services, care and medical support services, senior residence and restaurant management, business related to human

resources, and other lines of business. In the previous consolidated fiscal year, the number of segments was reduced to three -- “temporary human resource services,” “care and medical support services,” and “other lines of business.”

Businesses that used to be included in the “business related to human resources” and “senior residence and restaurant management” are now included in the “other lines of business,” because the ratio of those businesses was lowered because of the increase in the number of consolidated subsidiaries and because those businesses have decreased in importance.

Geographical segment information

Cumulative third quarter of last year (July 1, 2007 to March 31, 2008)

(Unit: Million yen)

	Japan	North America	Europe	Total	Elimination and corporate	Consolidated
Sales to outside customers	322,583	109,094	33,726	465,405	-	465,405
Inter-segment internal sales or transfers	138	-	-	138	-138	-
Total	322,722	109,094	33,726	465,543	-138	465,405
Operating expenses	329,622	108,084	33,363	471,070	-2,991	468,079
Operating profit (or operating loss)	-6,900	1,010	362	-5,526	2,852	-2,674

(Notes) 1. Grouping of countries and regions is based on the geographical proximity.

2. Main countries and regions included in segments other than Japan:

(1) North America: The United States

(2) Europe: The Netherlands, the United Kingdom

3. Of the operating expenses above, the amount of unclassifiable operating expenses included in the elimination and corporate category is 14,016 million, most of which are expenses related to the Company's administrative department.

6. Other information

None