



BACKS GROUP

Overview of Interim Results for FY2007 and the Medium-Term Management Plan

November 2, 2006 BACKS GROUP

**BACKS GROUP**

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Results Highlights



FY2007 Interim Results Highlights

【Unit : million of yen】	FY2006 Interim	FY2007 Interim	Y on Y	Rate of Achievement of Interim Budgets
Net Sales	4,125	4,865	+17.9%	86.2%
Gross Profit	1,056	1,147	+8.7%	78.5%
(Gross profit margin)	(25.6%)	(23.6%)	-2.0ppts	-
(SG & A ratio)	(19.1%)	(20.5%)	+1.4ppts	-
Operating Income	269	149	-44.5%	38.6%
(Operating income margin)	(6.5%)	(3.1%)	-3.4ppts	-
Ordinary Income	269	148	-44.8%	38.5%
Interim Net Income	154	86	-44.1%	38.0%

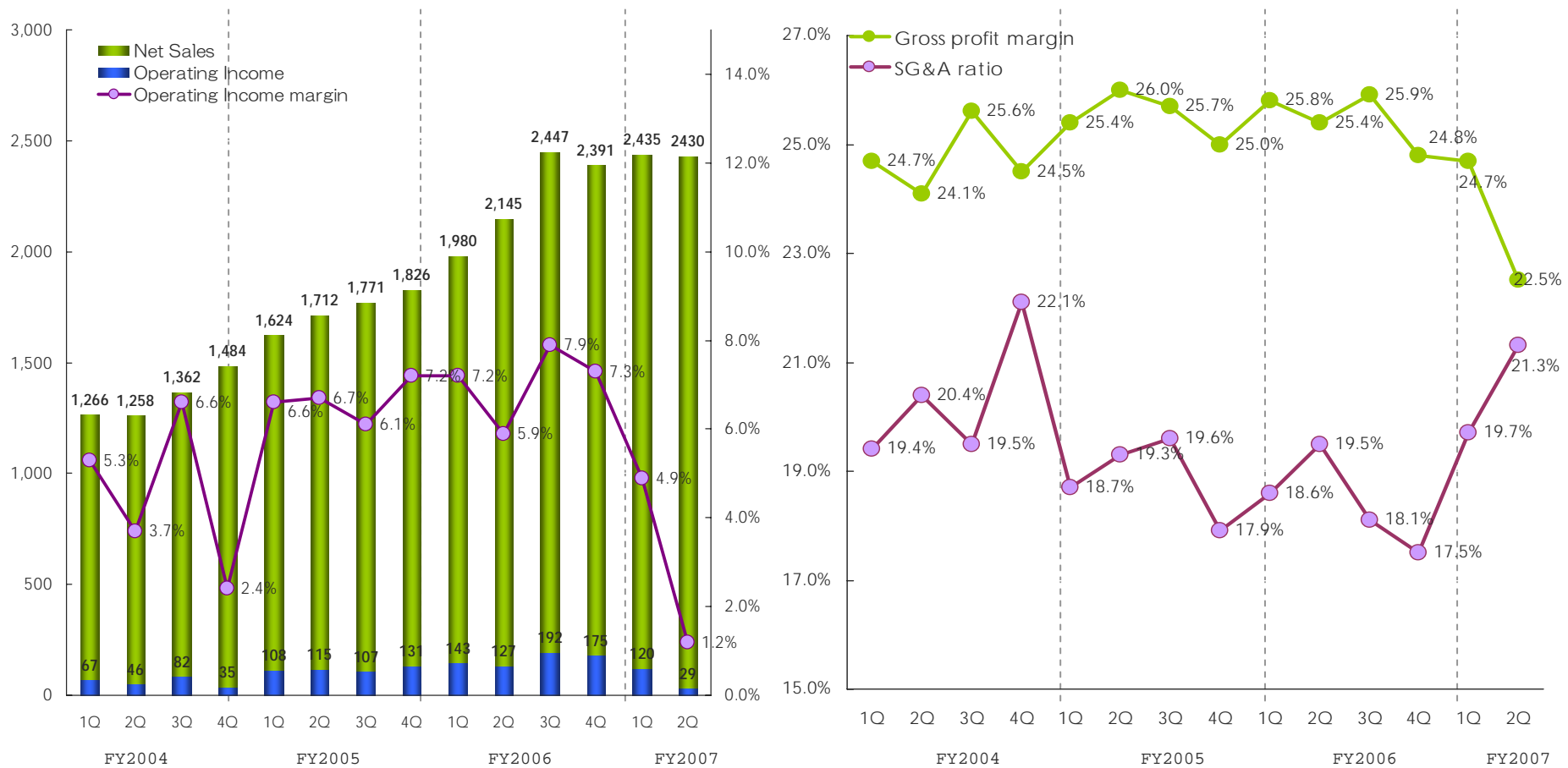
The forecast of results indicated above was prepared based on information available as of the date of the release of this material and contains uncertain factors. Actual results may differ from the forecast figures described above due to, among other things, any change in business conditions.

Profitability-Quarterly Basis

Gross profit margin : Decline in the ratio of gross profit margins on sales to digital industries





(due to an increase in subcontract costs and insufficient orders during campaigns)

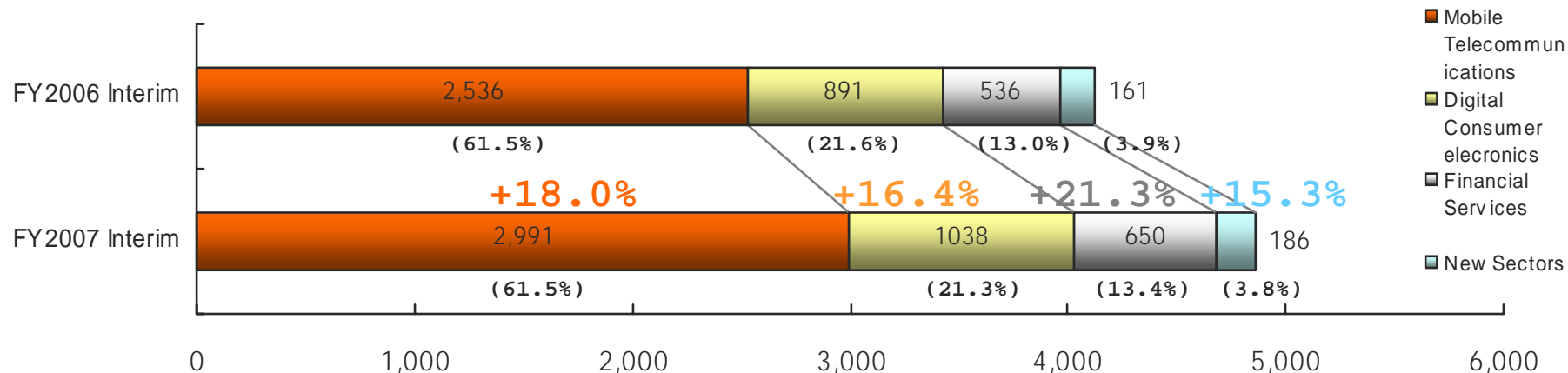
SG & A ratio : It is personnel expenses rate improvement with new employee entering a company mainly (budget range)



Sales by Customer Segment



[Unit : Million of yen]

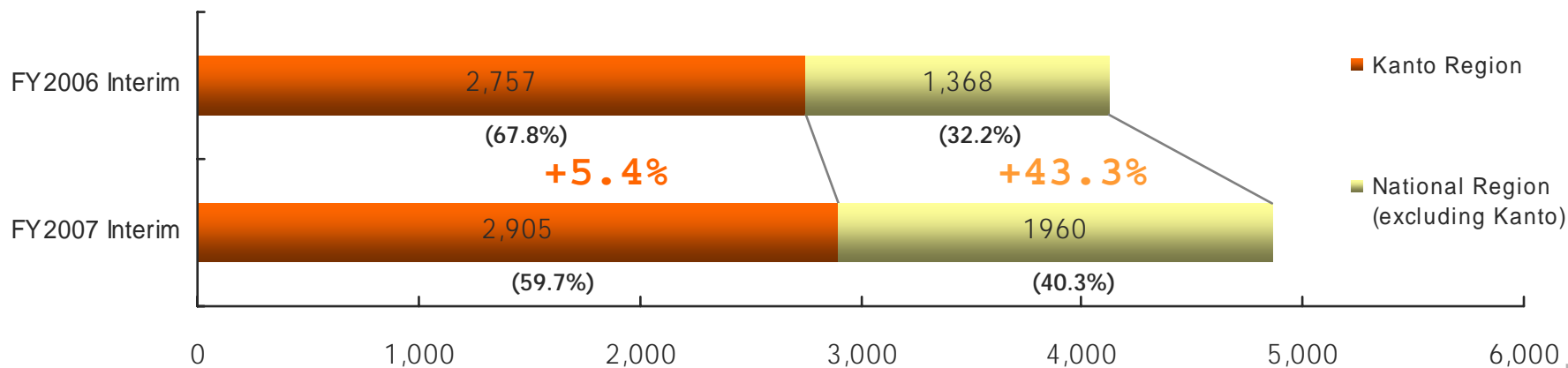
	FY2006 Interim	Share	FY2007 Interim	Share	Y on Y
 M o b i l e T e l e c o m m u n i c a t i o n s	2,536	61.5%	2,991	61.5%	+18.0%
 D i g i t a l C o n s u m e r e l e c t r o n i c s	891	21.6%	1,038	21.3%	+16.4%
 F i n a n c i a l S e r v i c e s	536	13.0%	650	13.4%	+21.3%
 N e w S e c t o r s	161	3.9%	186	3.8%	+15.3%



Sales by Geographic Region

[Unit : million of yen]

	FY2006 Interim	Share	FY2007 Interim	Share	Y on Y
 Kanto Region	2,757	66.8%	2,905	59.7%	+5.4%
(offices)	(7)		(9)		(+2)
 National (excluding K a n t o)	1,368	33.2%	1,960	40.3%	+43.3%
(offices)	(12)		(14)		(+2)





Business Segment Overview

【Unit : million of yen】

FY2006
Interim

FY2007
Interim

Y on Y

Outsourcing





Net Sales	3,525	3,994	+13.3%
(Share)	(85.5%)	(82.1%)	
Operating Income	309	190	-38.4%
(Operating margin)	(8.8%)	(4.7%)	-4.1ppts

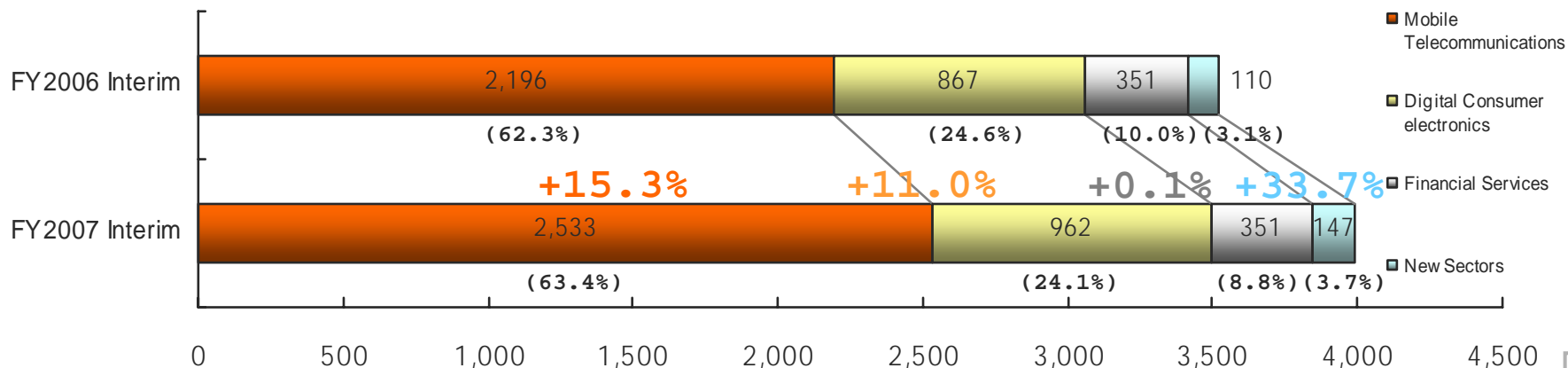
Temporary
Staffing

Net Sales	600	871	+45.1%
(Share)	(14.5%)	(17.9%)	
Operating Income	18	40	+120.6%
(Operating margin)	(3.1%)	(4.6%)	+1.5ppts

Outsourcing Business Overview

[Unit : million of yen]

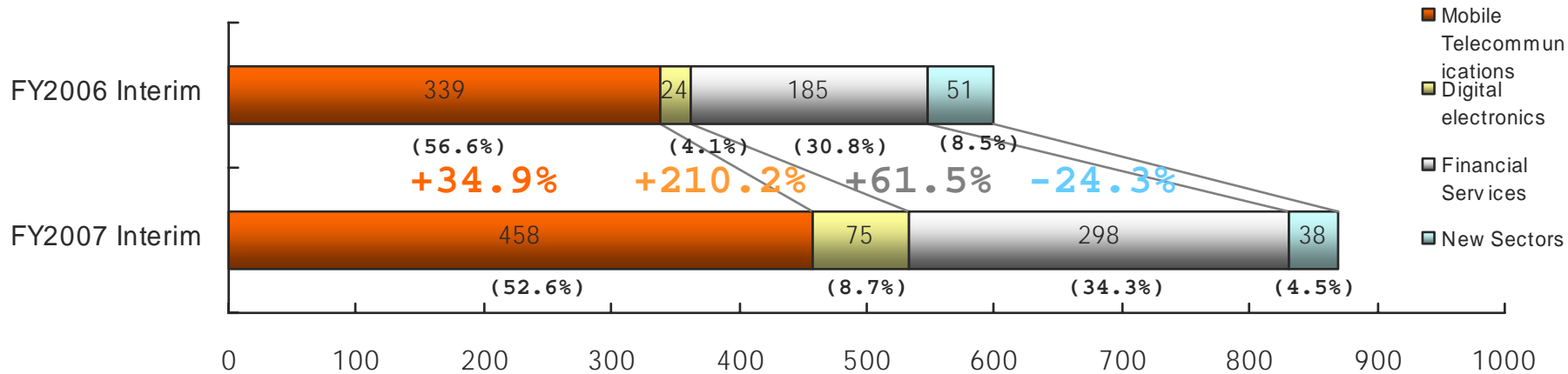
	FY2006 Interim	Share	FY2007 Interim	Share	Y on Y
 Mobile Telecommunications	2,196	62.3%	2,533	63.4%	+15.3%
 Digital Consumer electronics	867	24.6%	962	24.1%	+11.0%
 Financial Services	351	10.0%	351	8.8%	+0.1%
 New Sectors	110	3.1%	147	3.7%	+33.7%



Temporary Staffing Business Overview

[Unit : million of yen]

	FY2006 Interim	Share	FY2007 Interim	Share	Y on Y
Mobile Telecommunications	339	56.6%	458	52.6%	+34.9%
Digital consumer electronics	24	4.1%	75	8.7%	+210.2%
Financial Services	185	30.8%	298	34.3%	+61.5%
New Sectors	51	8.5%	38	4.5%	-24.3%

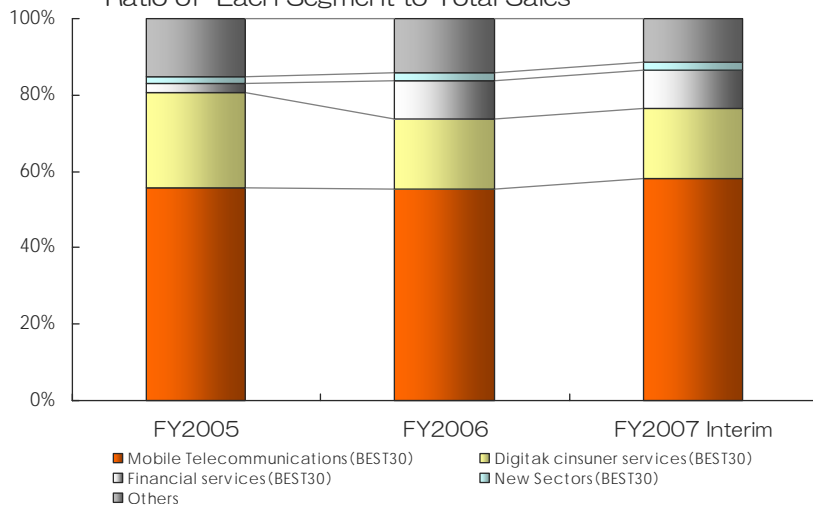


Top 30 Customers-Sales

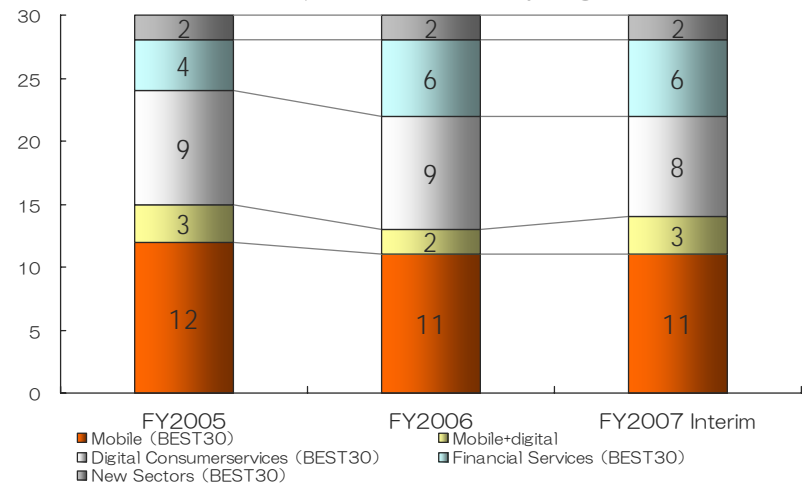
【Unit : million of yen】	FY2005			FY2006			FY2007 Interim			Y on Y
	Net Sales	Share	Firm	Net Sales	Share	Firm	Net Sales	share	Firm	
Mobile Telecommunications	3,860	55.7%	15	4,975	55.5%	13	2,834	58.3%	14	+21.1%
Digital consumer services	1,733	25.0%	12	1,626	18.1%	11	891	18.3%	11	+19.5%
Financial Services	165	2.4%	4	911	10.2%	6	483	9.9%	6	+18.9%
New Sectors	121	1.8%	2	187	2.1%	2	96	2.0%	2	+44.2%
Top Thirty Total	5,881	84.8%	30	7,700	85.9%	30	4,305	88.5%	30	+20.9%
Others	1,052	15.2%	237	1,262	14.1%	205	559	11.5%	162	-0.9%
Total	6,933	100.0%	267	8,963	100.0%	235	4,865	100.0%	192	+17.9%

※The number of customers in each segment and the total number differ because customers in mobile and digital segments are included.

Ratio of Each Segment to Total Sales

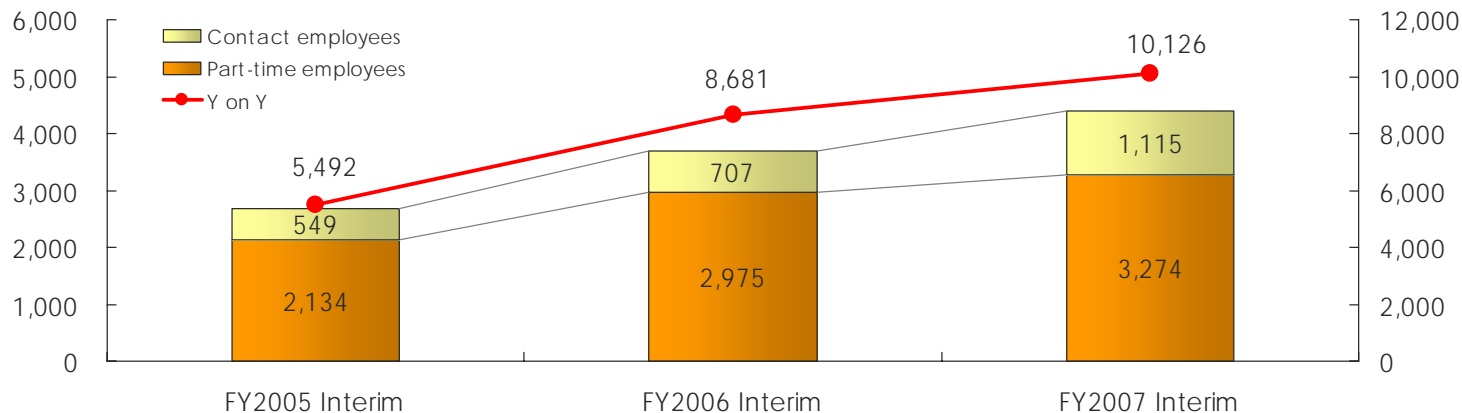


Breakdown to Top 30 Customers by Segment



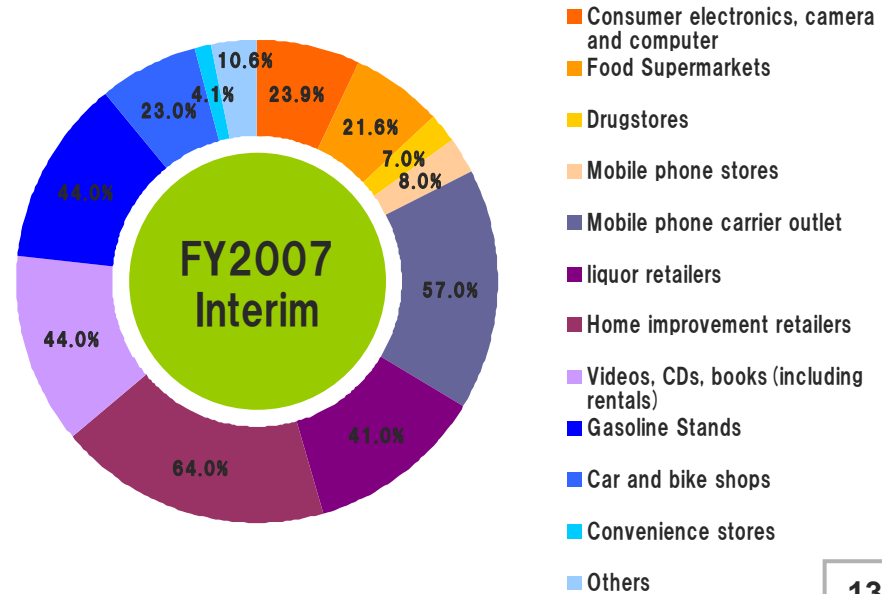
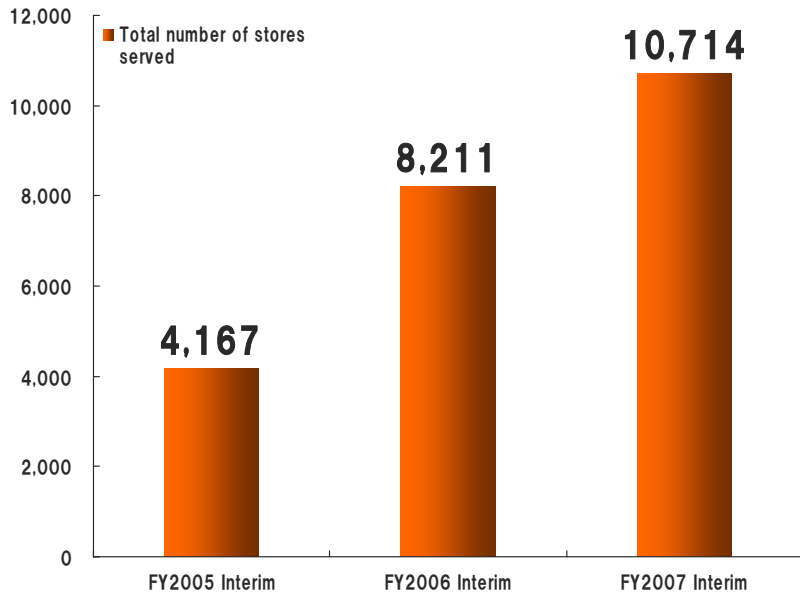
Number of Staff

	FY2005 Interim	FY2006 Interim	FY2007 Interim
Active Staff (monthly average)	2,683	3,682	4,389
(Contact employees)	549	707	1,115
(Part-time employees)	2,134	2,975	3,274
Avg. sales amount per person	207	187	184
Registered staff	24,616	33,297	43,423
(Y on Y)	+5,492	8,681	+10,126



Total number of stores serviced

	FY2005 Interim	FY2006 Interim	FY2007 Interim
Total number of stores	4,612	8,797	10,714
(Y on Y)	+1,395	+4,185	+2,605





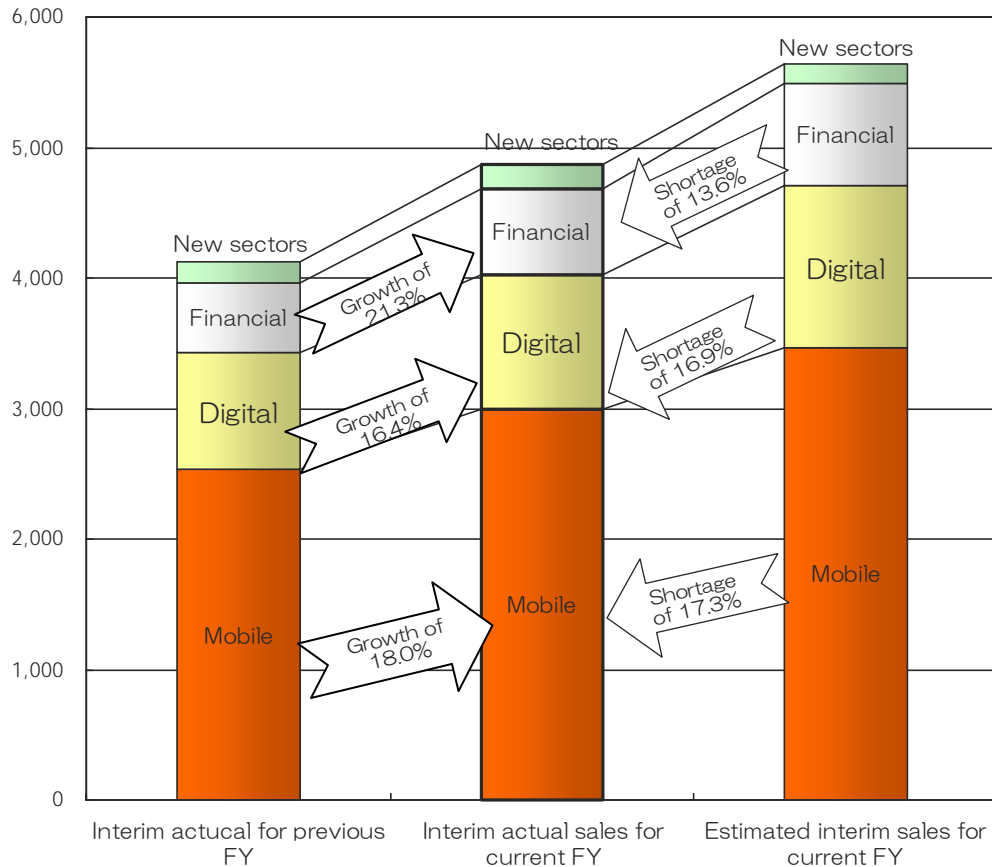
Strategies Second Half



Results by segment – Downturn in digital industries and sluggish growth of mobile industries

Sales by Customer Segment

【Unit: Million of yen】

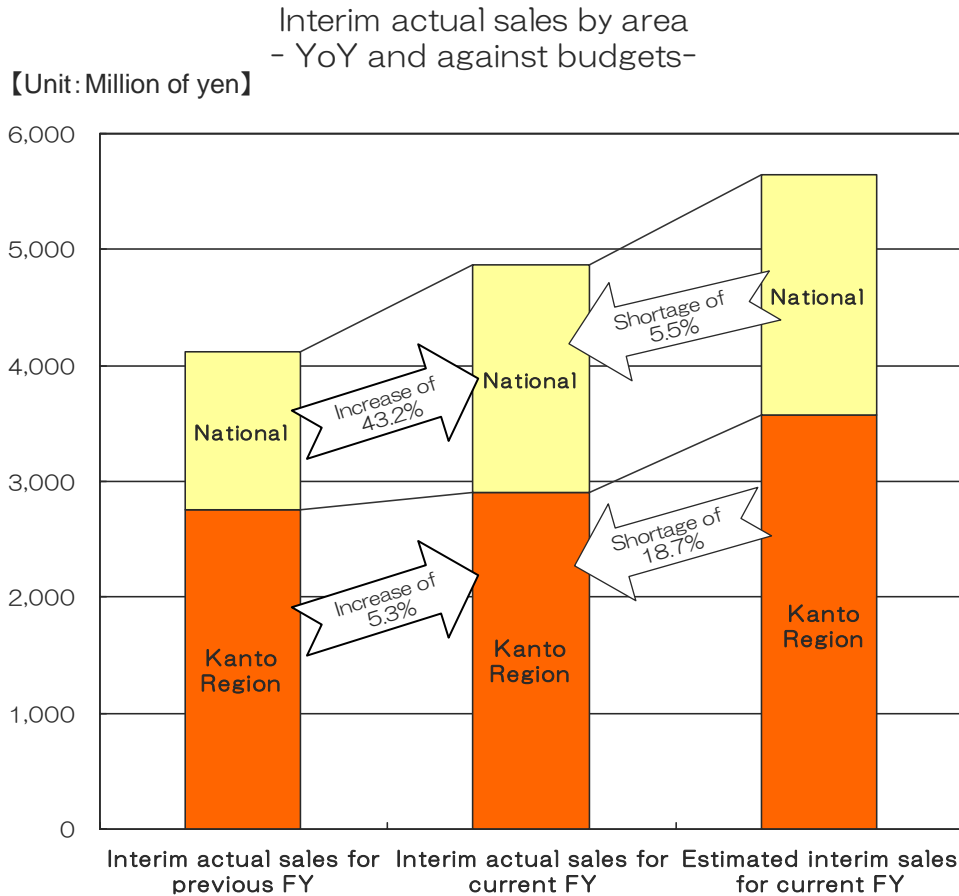


Overview of 1st half of FY2007

Slowdown in orders for new and digital projects due to weakened sales power for new projects through decentralization

- ① Insufficient orders during large-scale campaigns
 - ⇒ Highly profitable demand from campaigns declined on a year-on-year basis.
- ② Intensified competition in the mobile (full-time) area
 - ⇒ Despite a rise in orders for the mobile full-time area during the 1st half, the market share did not increase due to intensified competition.

Results by area – Less growth in the Kanto region



Overview of 1st half of FY2007

Despite a stable rise in nationwide sales, growth of orders in the Kanto area was slow.

- ① Insufficient orders during large-scale campaigns
⇒ Highly profitable demand from nationwide uniform campaigns declined on a year-on-year basis.
- ② Losses due to mismatched deployment of human resources
⇒ Idle employees increased due to excessive assignment to full-time lines.

Management issues in the 1st half and strategies for the 2nd half

Management Issues in the 1st half	Measures to be taken during the 2 nd half
<p>■ Sales</p> <p>Slow growth of sales in the Kanto area</p> <ul style="list-style-type: none"> → Weakened Sales power for new projects through decentralization → Insufficient campaigns targeted at mobile and financial industries 	<p>■ Sales</p> <p>To recover growth in the Kanto area</p> <ul style="list-style-type: none"> → Appropriately deploying management resources by forming sales-specialized teams → Receiving maximum orders from MNP-related special procurement demand → Starting sales of the Orange Light Work on sales channels
<p>■ Ratio of gross profit margins</p> <p>Insufficient campaigns</p> <ul style="list-style-type: none"> → Insufficiency of highly profitable large-scale campaigns <p>Decline in the ratio of gross profit margins on sales to digital industries</p> <ul style="list-style-type: none"> → Projects highly dependent on subcontracts 	<p>■ Ratio of gross profit margins</p> <p>To reinforce the sales power to receive orders from large-scale campaigns</p> <ul style="list-style-type: none"> → Promoting sales activities by the headquarters to gain nationwide bulk orders <p>To improve cost ratios</p> <ul style="list-style-type: none"> → Pulling out of low-margin projects, and shifting sales forces to high-margin projects → Raising the ratio of sales of nationwide projects with a relatively high profit ratio <p>Job introduction dispatching</p> <ul style="list-style-type: none"> → Starting to job introduction dispatching strongly needed by clients
<p>■ Ratio of selling, general and administrative expenses</p> <p>Rise in the ratio of selling, general and administrative expenses following failure in the sales goal</p> <ul style="list-style-type: none"> → Although it stayed within the initial budget, it could not take advantage of scale due to low growth of sales. 	<p>■ Ratio of selling, general and administrative expenses</p> <p>To press down the ratio of selling, general and administrative expenses by recovering sales growth</p> <ul style="list-style-type: none"> → Bringing out advantages of scale by putting the sales growth back to the recovery trend, while further improving management efficiency



Medium-Term Management Plan



Medium-Term Management Plan Backs Second Expansion Plan

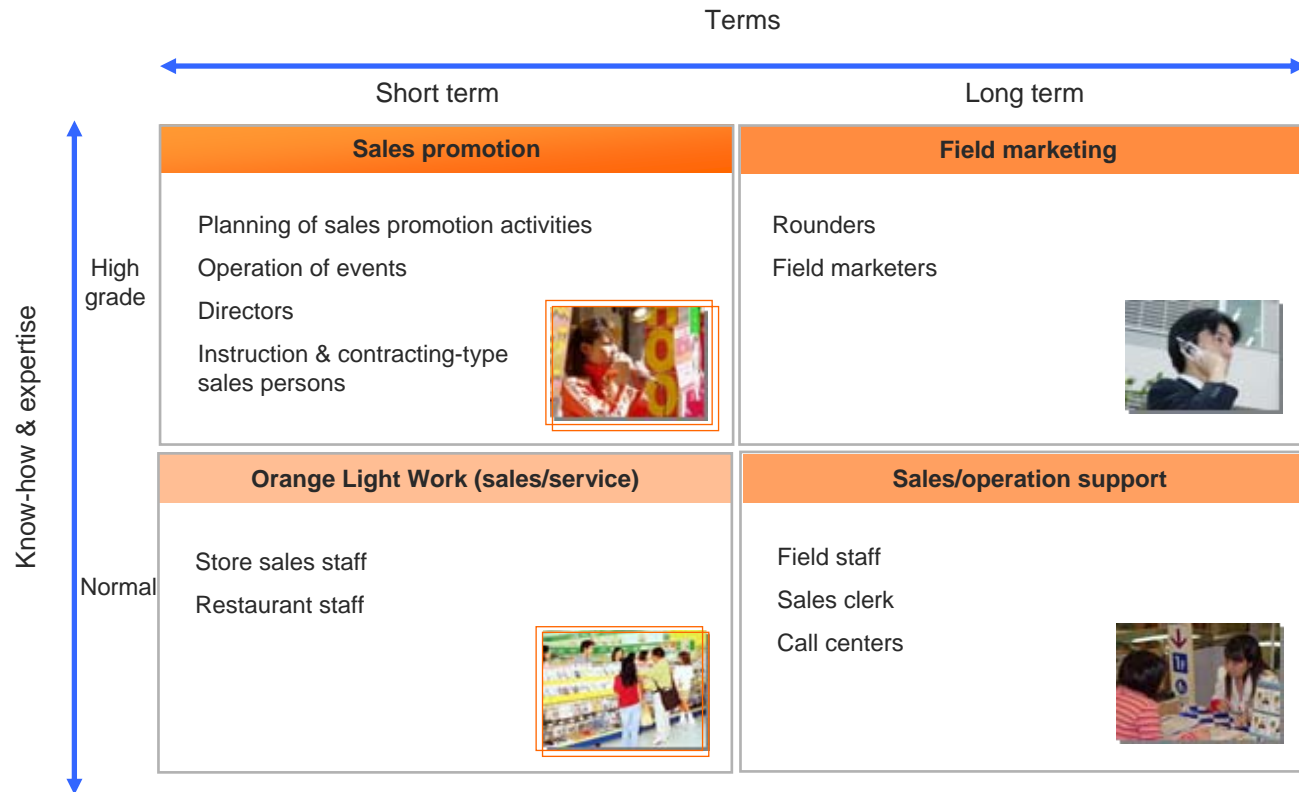
Qualitative goals

1. Evolution into a new growth model
(Paradigm shift to a comprehensive orange collar company)
2. Optimization of the business portfolio
3. Social contributions

Quantitative goals (to March 2010)

1. Consolidated sales of 20 billion yen or more, and the operating income ratio of 8% or more
2. Component ratio of the Kanto area of 50% against nationwide total sales
3. Component ratio of mobile industries of 50% or less in total sales

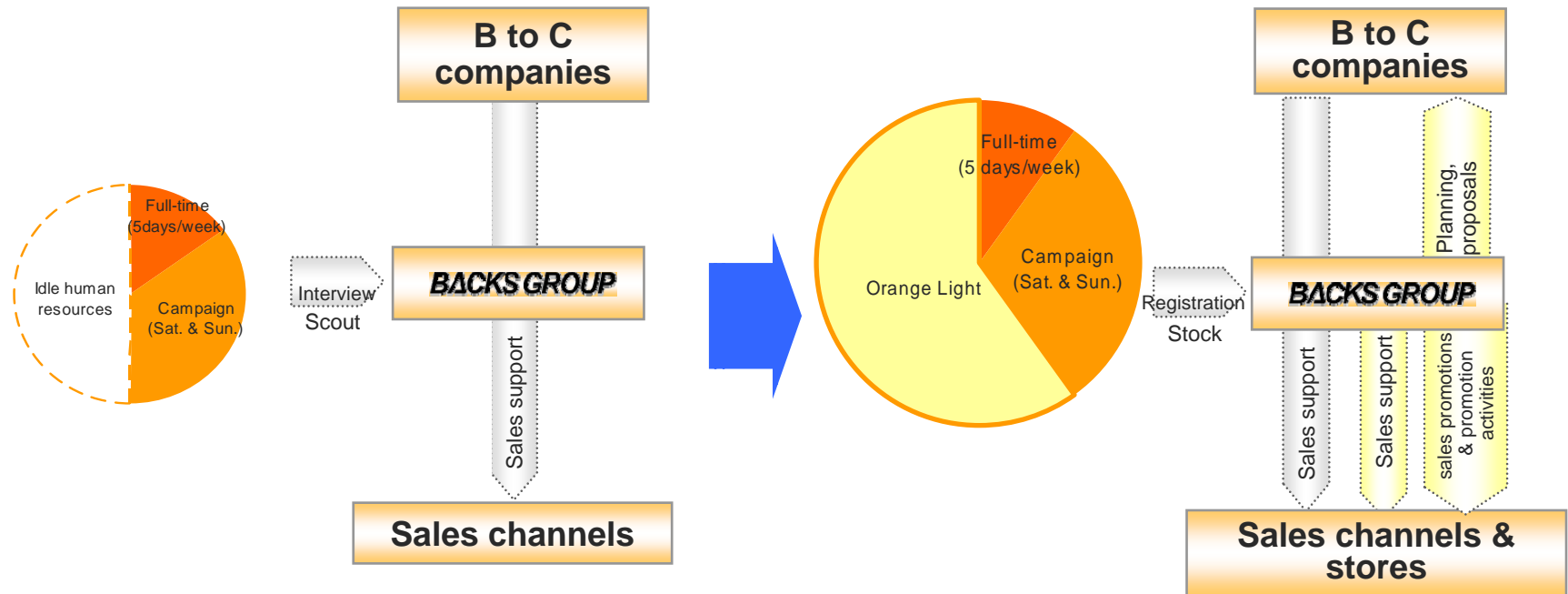
Paradigm shift to a comprehensive orange collar company



Backs Second Expansion Plan

To construct systems to meet every type of need related to sales promotion and operation support of businesses, and supply workers with many jobs and opportunities, and diversified employment styles in a one-stop-service way.

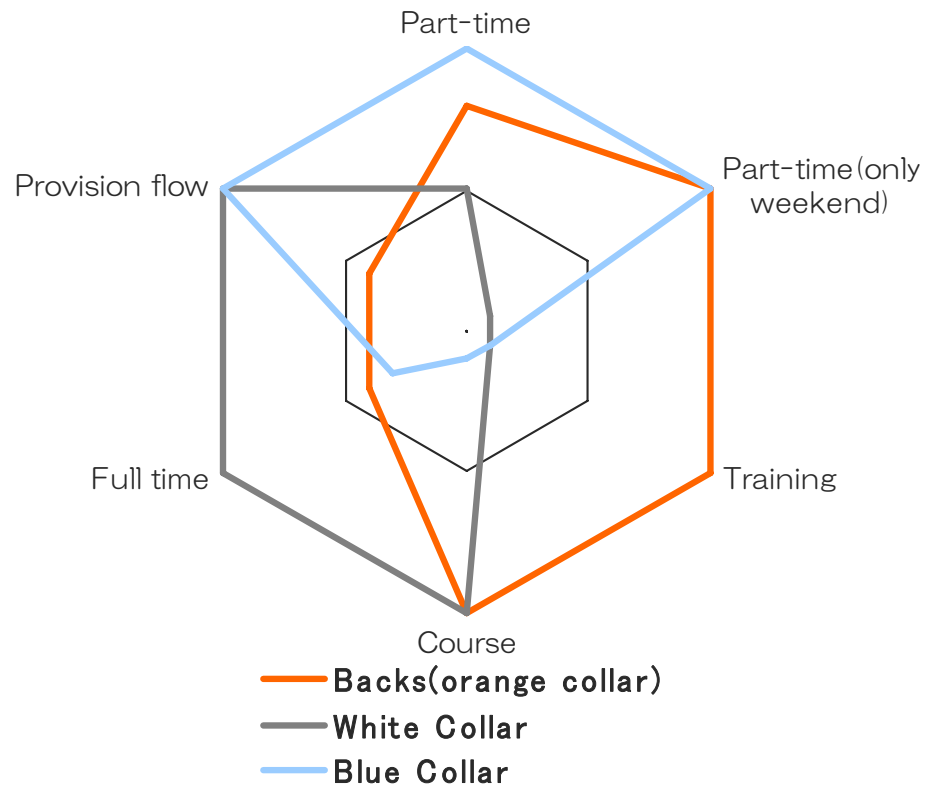
Paradigm shift to a comprehensive orange collar company



Backs Second Expansion Plan

1. To meet every type of need related to sales promotion and business operations of B to C companies and sales channels
2. To provide job seekers of every generation with diversified employment styles

カラー別特性

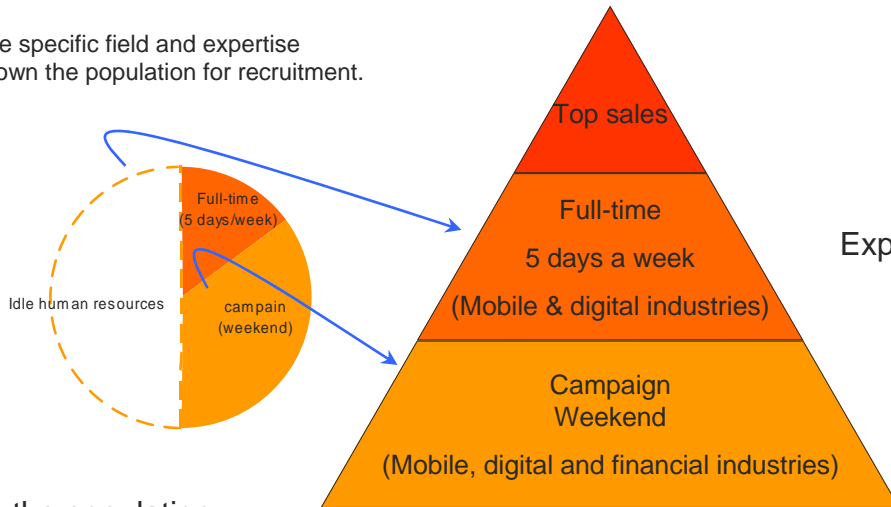


Backs Second Expansion Plan

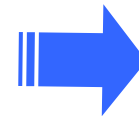
To reinforce the supplying capacity by enhancing the advantage of scale in the Orange Collar field

Paradigm shift (i): Concept of matching at recruitment

Limiting the specific field and expertise narrows down the population for recruitment.



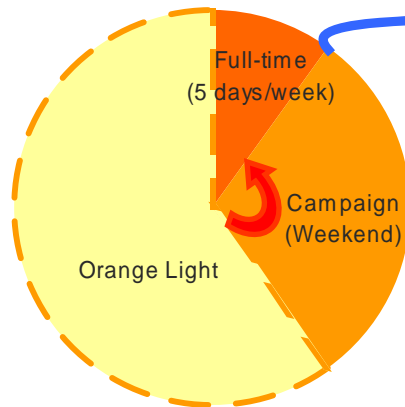
Expanding the client base



Expanding the population for recruitment



Expanding the range of job types and skills enlarges the population of human resources. In addition, education and training inside the population will allow the human resources to move to jobs that require higher skills and expertise (creation of the Orange Collar career). The larger pool of human resources will enable us to participate in larger projects.



Paradigm shift (ii): Expansion of the customer base

Within three years, we should diversify typical Orange Collar jobs such as “sales support” and “operation support” to the level that can be called “comprehensive Orange Collar services.”

BtoC Companies

Information &
telecommunications
Financial services
Consumer goods

+

Sales Channels

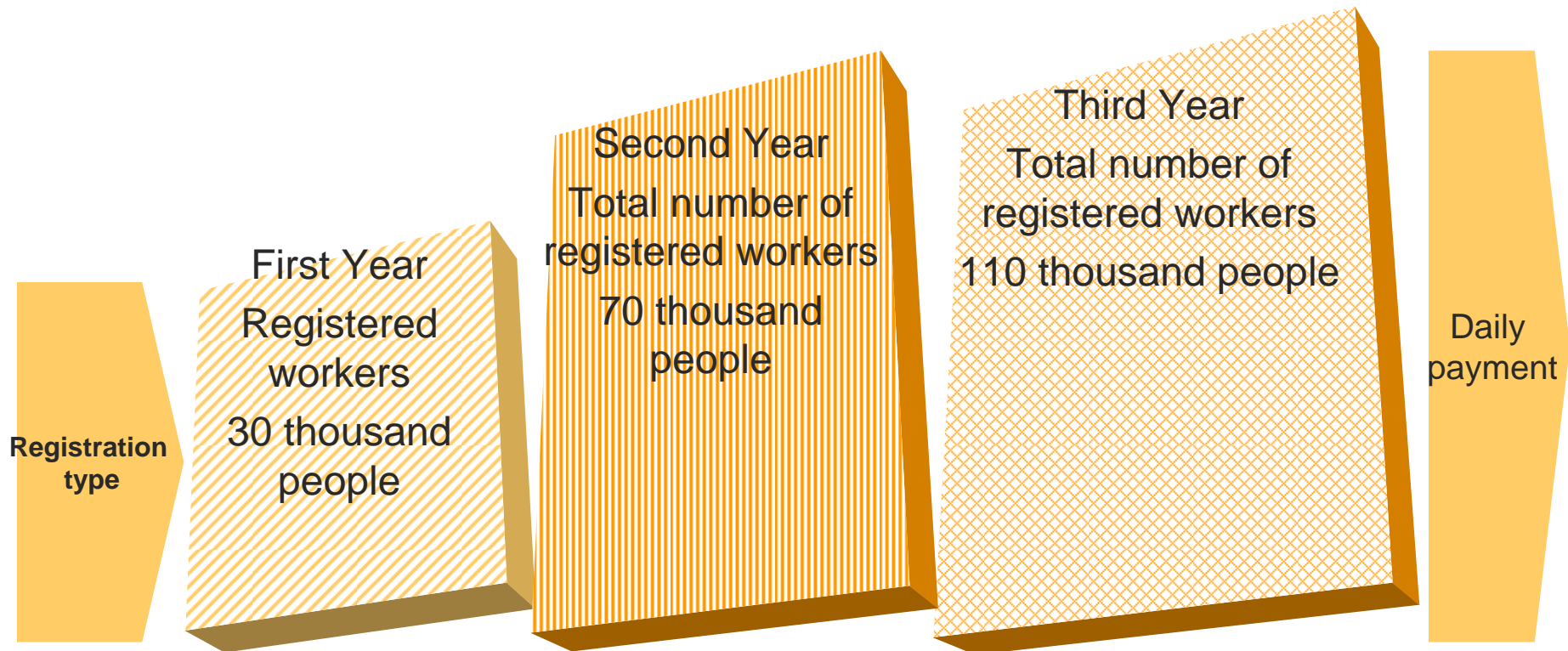
Home-appliance volume
retailers
Restaurant chains
Drug stores
Convenience stores
Fast-food stores
Amusement stores and
others

Orange Light works

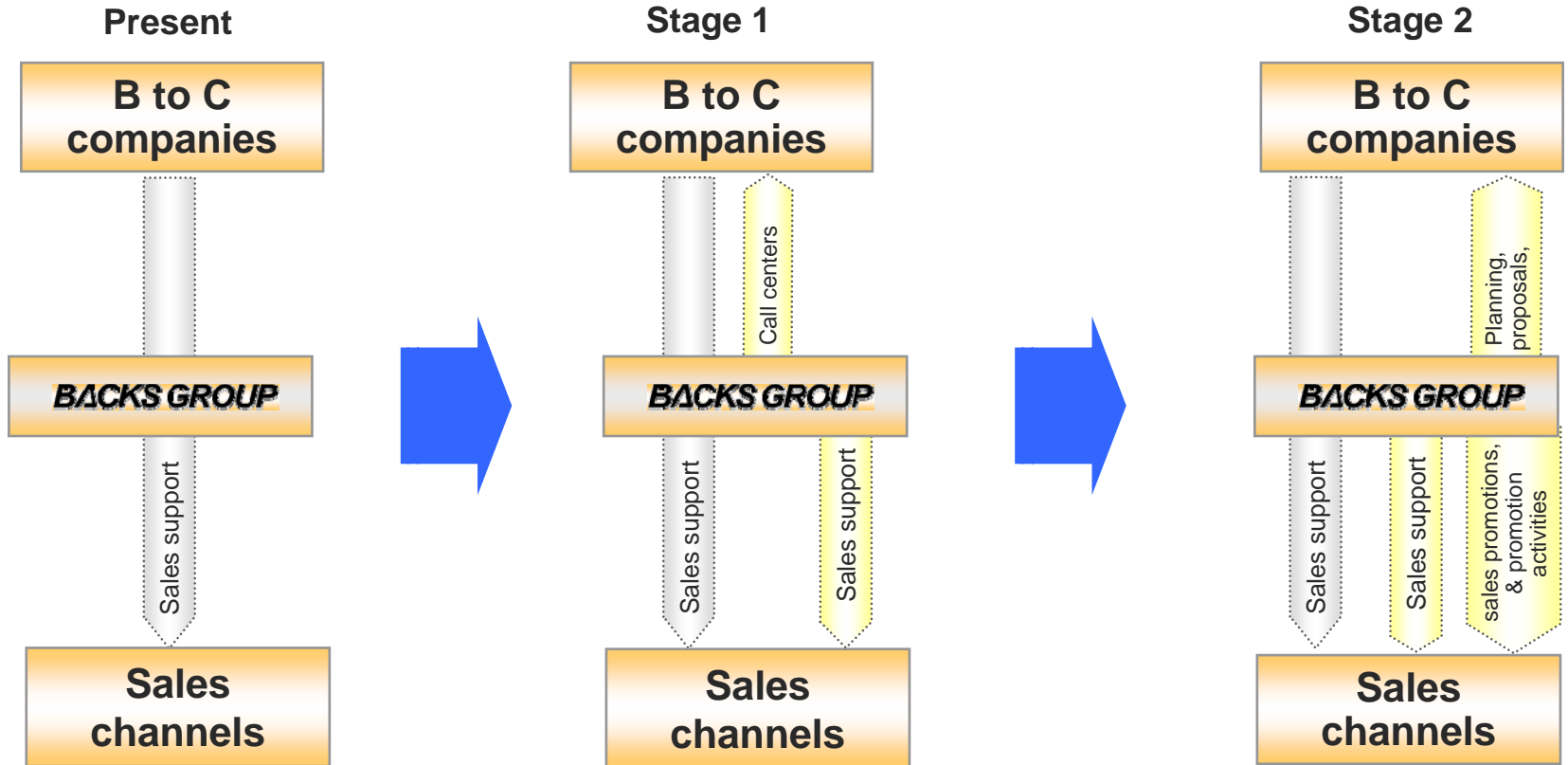
Cashiers
Sales assistants
Hall service staff
Backyard workers
OTC sale promotion
Guide operations
Other in-store
services

Paradigm shift (iii): Expansion of the worker base: registration-type employment

Recruitment for the Orange Light Work should be targeted at a wide range of men and women aged 16 to 50 under the “registration-type part-time and daily wage” system.



Future vision in the sales promotion field

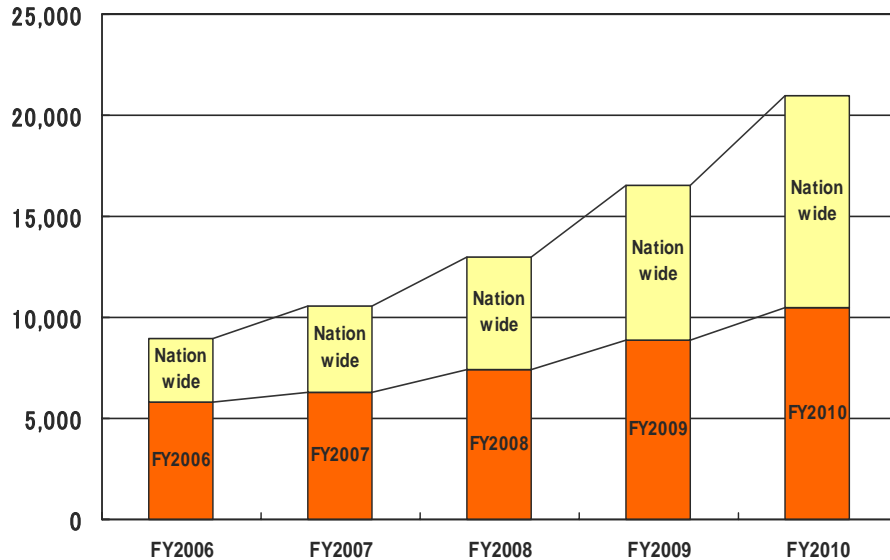


- Further enhancement of relations with channels
- Channel-interactive proposal of sales promotions, and its operation and implementation
- Coordination of cross selling

Optimization of the business portfolio (area mix and customer mix)

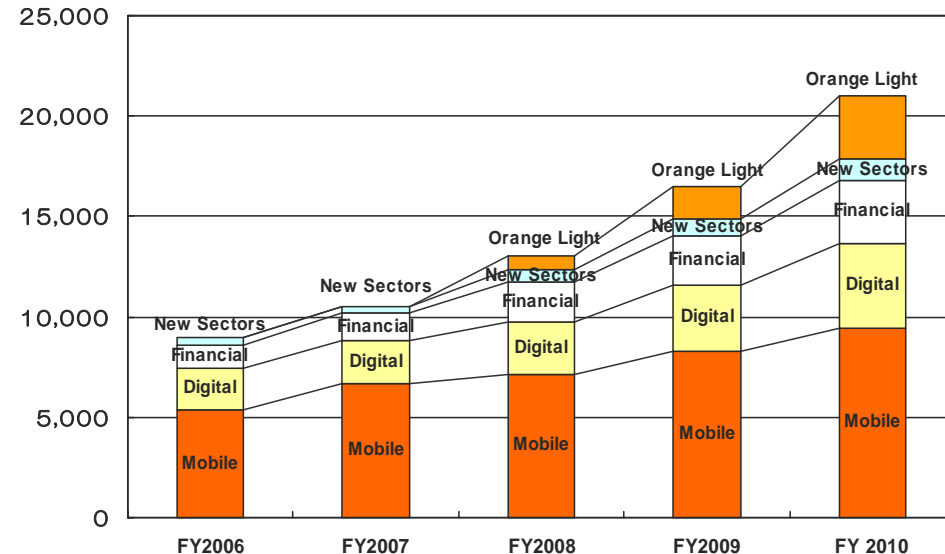
Sales plan by area

【Unit: Million of yen】



Sales plan by industry of customers

【Unit: Million of yen】



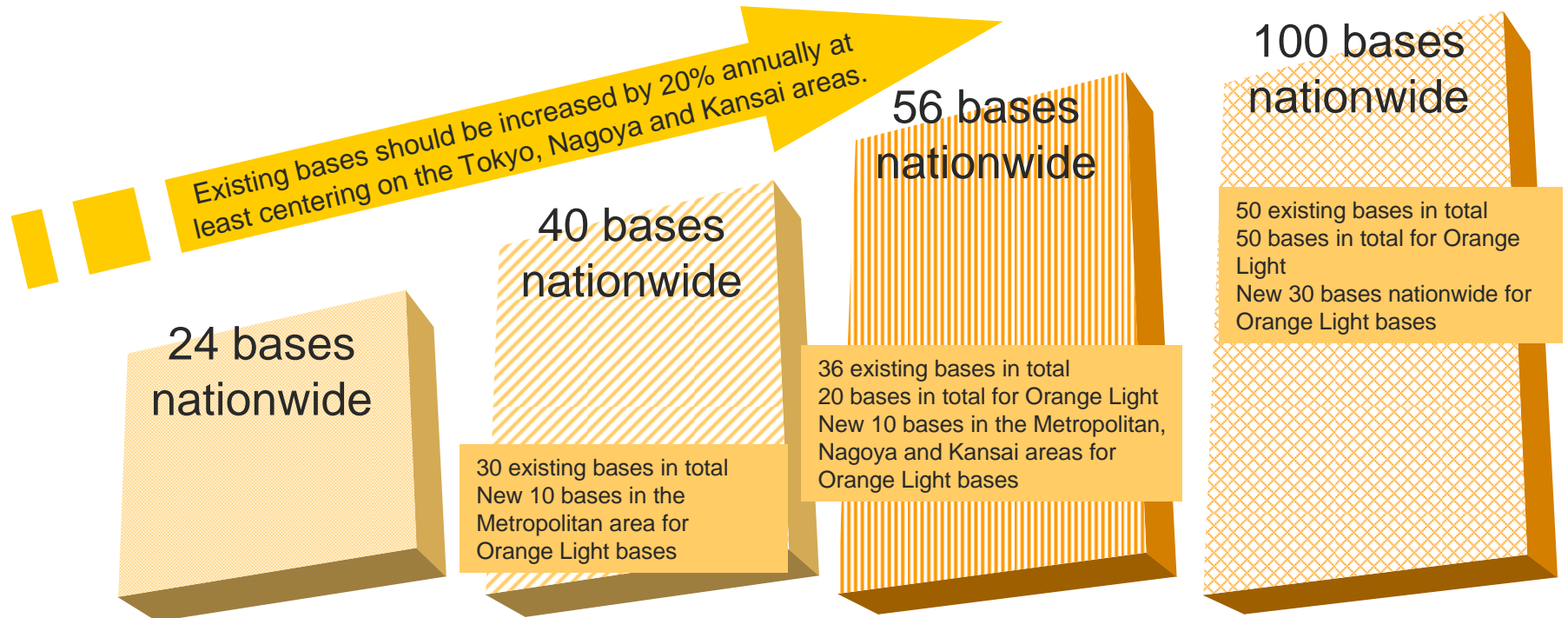
Goals to FY2010

Component ratio of the Kanto area → 50% against nationwide total sales

Component ratio of mobile industries → 50% or less in total sales

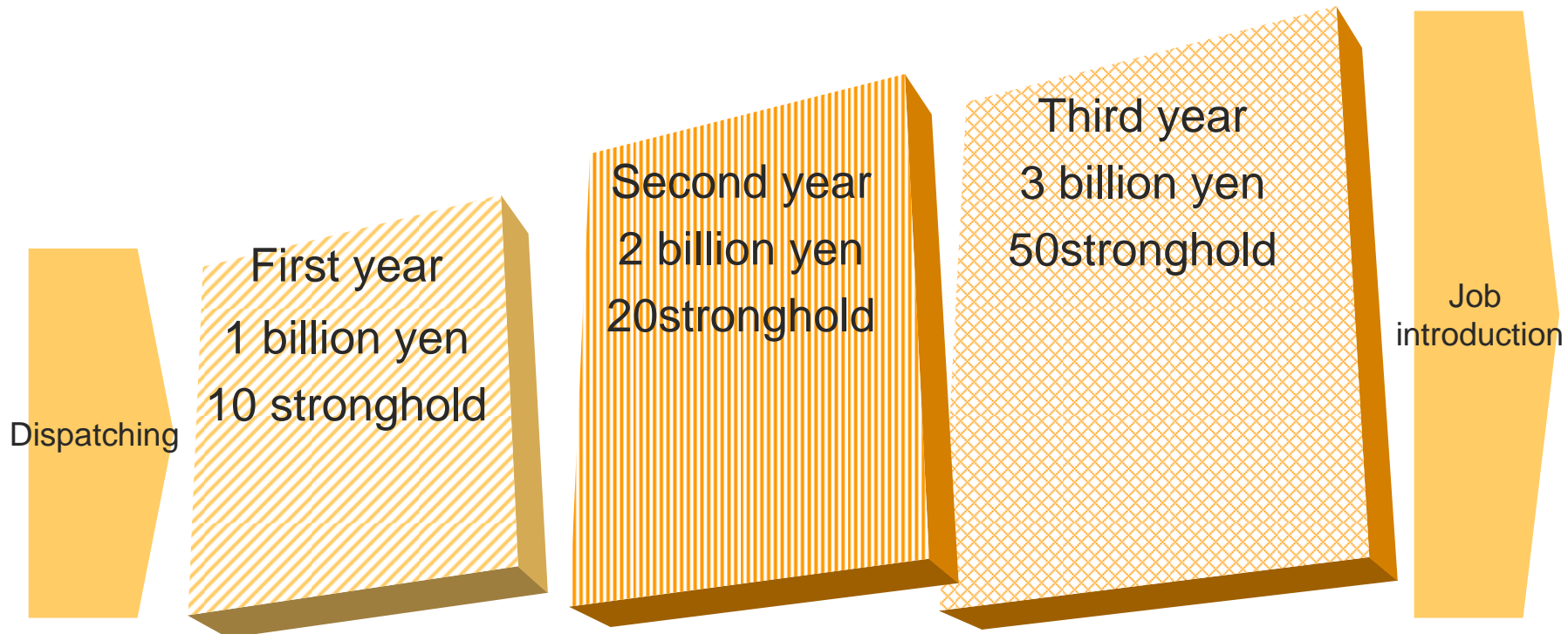
Optimization of the business portfolio (i): Positive development of recruitment bases

Recruitment bases should positively be developed nationwide, in line with widening recruitment targets with a wide variety of Orange Collar jobs.



Optimization of the business portfolio (ii): Expansion of the Orange Light market

A highly profitable and value-added model should be established through “dispatching” and “job introduction,” aiming at sales of 3 billion yen in the third year.





Planned figures (Net Sales, Profit margin)

【 Unit: Million of yen 】	FY2006 (Actual)	FY2007 (Forecasts)	FY2008 (Planned)	FY2009 (Planned)	FY2010 (Planned)
Net Sales	8,963	10,525	13,000	16,500	21,000
Gross Profit	2,283	2,557	3,250	4,208	5,460
(Gross Profit margin)	(25.5%)	(24.3%)	(25.0%)	(25.5%)	(26.0%)
(SG & A margin)	(18.4%)	(19.5%)	(19.0%)	(18.5%)	(18.0%)
Operating Income	637	500	780	1,155	1,680
(Operating Income margin)	(7.1%)	(4.8%)	(6.0%)	(7.0%)	(8.0%)
Net Income	371	292	452	669	974

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Planned figures (sales by area and industry of customers)

[Unit: Million of yen]	FY2006 (Actual)	Share	FY2007 (Forecasts)	Share	FY2011 (Planned)	Share
M o b i l e T e l e c o m m u n i c a t i o n s	5,361	59.8%	6,662	63.3%	9,450	45.0%
D i g i t a l C o n s u m e r s e r v i c e s	2,081	23.0%	2,190	20.8%	4,200	20.0%
F i n a n c i a l S e r v i c e s	1,186	13.2%	1,353	12.9%	3,150	15.0%
New Sectors	351	4.0%	320	3.0%	1,050	5.0%
Orange Light	-	-	-	-	3,150	15.0%
T o t a l	8,963	100%	10,525	-	21,000	100%
Kanto Region	5,777	64.5%	6,169	58.6%	10,500	50.0%
N a t i o n a l	3,186	35.5%	4,356	41.4%	10,500	50.0%

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References



Revision of the full year forecasts for FY2007

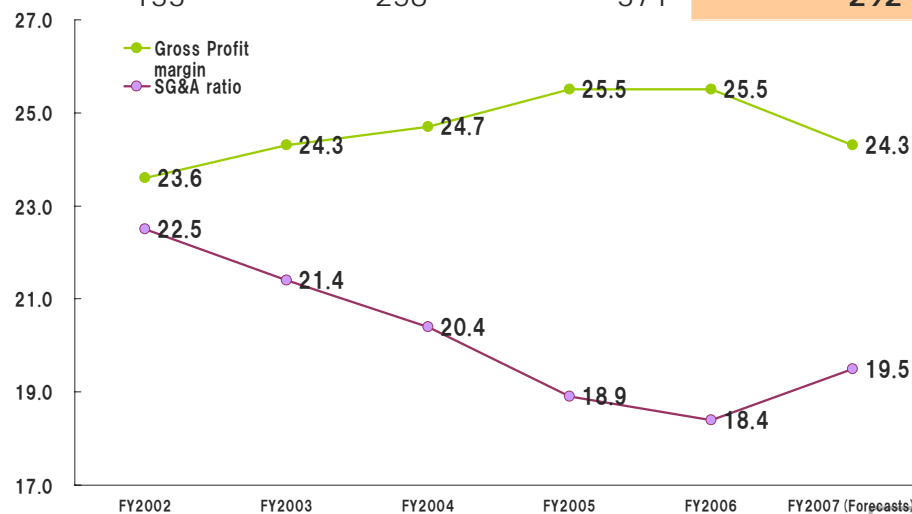
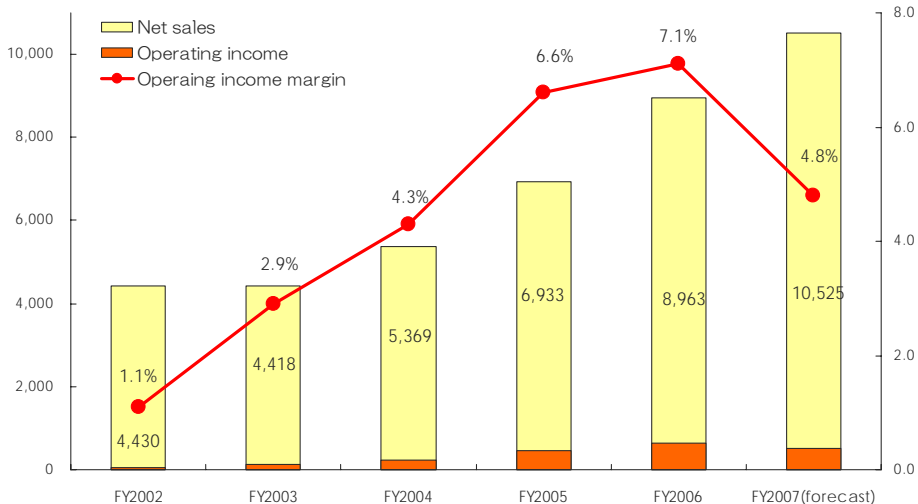
[Unit: Million of yen]	FY2007 Full year forecasts (May 10,2006)	FY2007 Full year forecasts (October 11,2006)	Y onY	Initial budget	FY2006 actual (Reference)
Net Sales	12,072	10,525	-1,546	87.2%	8,963
Gross Profit	3,109	2,557	-551	82.3%	2,283
(Gross Profit margin)	(25.8%)	(24.3%)	-	-	(25.5%)
(SG & A ratio)	(17.9%)	(19.5%)	+1.6ppts	-	(18.4%)
Operating Income	953	500	-452	52.5%	637
(Operating Income margin)	(7.9%)	(4.8%)	-	-	(7.1%)
Ordinary Income	927	500	-427	53.9%	637
Net Income	546	292	-254	53.5%	371

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Performance Trends

[Unit: Million of yen]

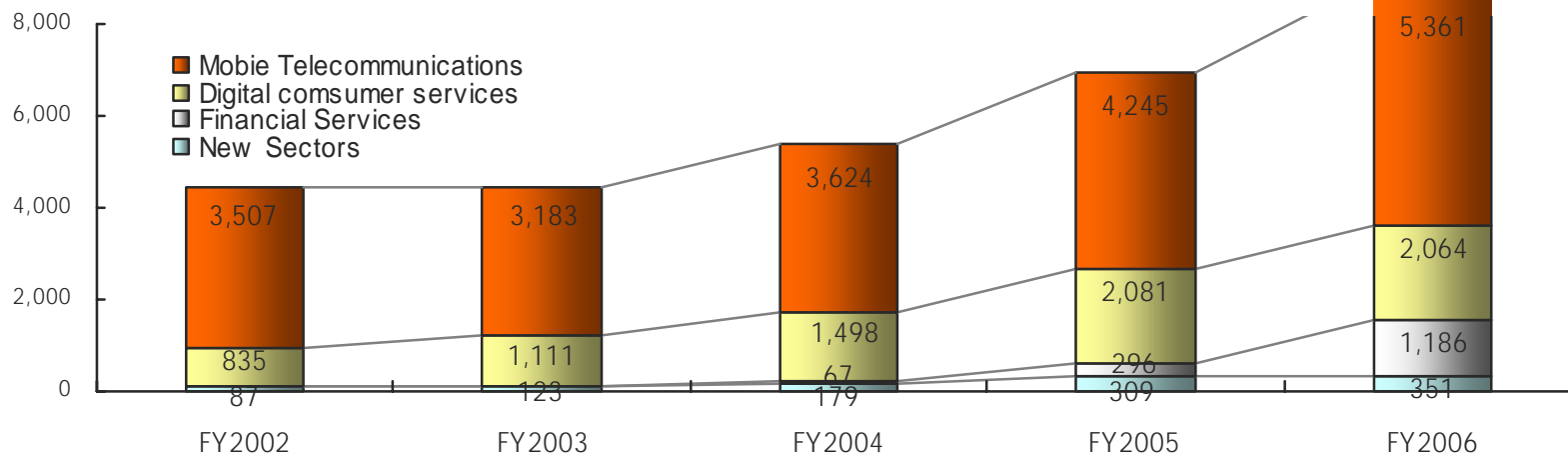
	FY2002	FY2003	FY2004	FY2005	FY2006	FY2007 (Forecasts)
Net Sales	4,430	4,418	5,369	6,933	8,963	10,525
Gross Profit	1,048	1,073	1,328	1,769	2,283	2,557
(Gross Profit Margin)	(23.6%)	(24.3%)	(24.7%)	(25.5%)	(25.5%)	(24.3%)
(SG&A ratio)	(22.5%)	(21.4%)	(20.4%)	(18.9%)	(18.4%)	(19.5%)
Operating Income	49	129	230	460	637	500
(Operating Income margin)	(1.1%)	(2.9%)	(4.3%)	(6.6%)	(7.1%)	(4.8%)
Ordinary Income	101	145	226	457	637	500
Net Income	51	77	133	258	371	292



Sales by Customer Segment

【Unit: Million of yen】

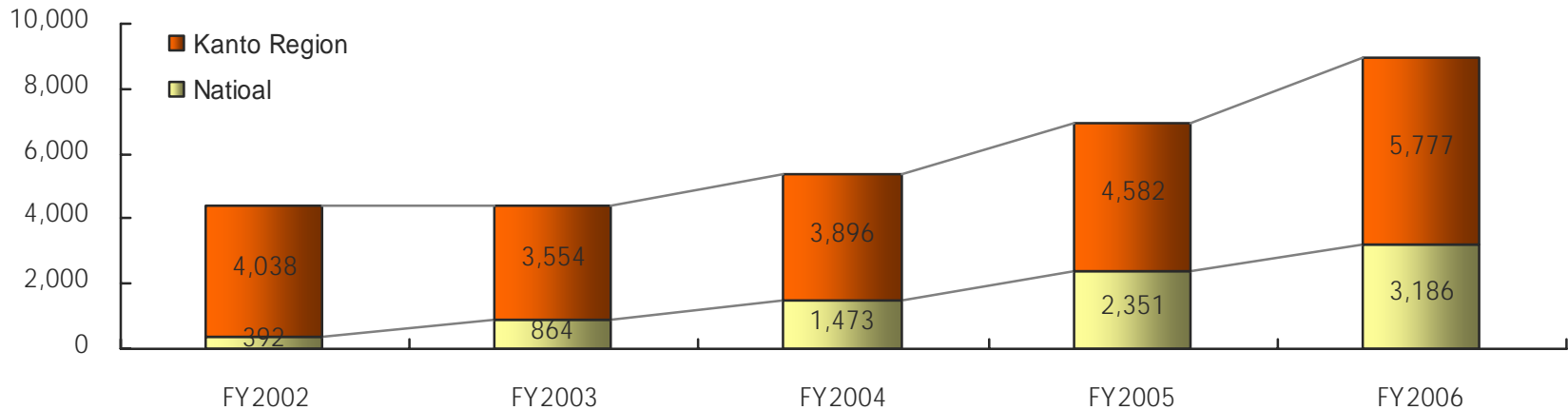
		FY2002	FY2003	FY2004	FY2005	FY2006
Mobile Telecommunications	Net Sales	3,507	3,183	3,624	4,245	5,361
	Share	79.2%	72.0%	67.5%	61.2%	59.8%
Digital consumer electronics	Net Sales	835	1,111	1,498	2,081	2,064
	Share	18.9%	25.2%	27.9%	30.0%	23.0%
Financial Services	Net Sales	—	—	67	296	1,186
	Share	—	—	1.2%	4.3%	13.2%
New Sectors	Net Sales	87	123	179	309	351
	Share	1.9%	2.8%	3.2%	4.5%	4.0%



Sales by Geographic Region

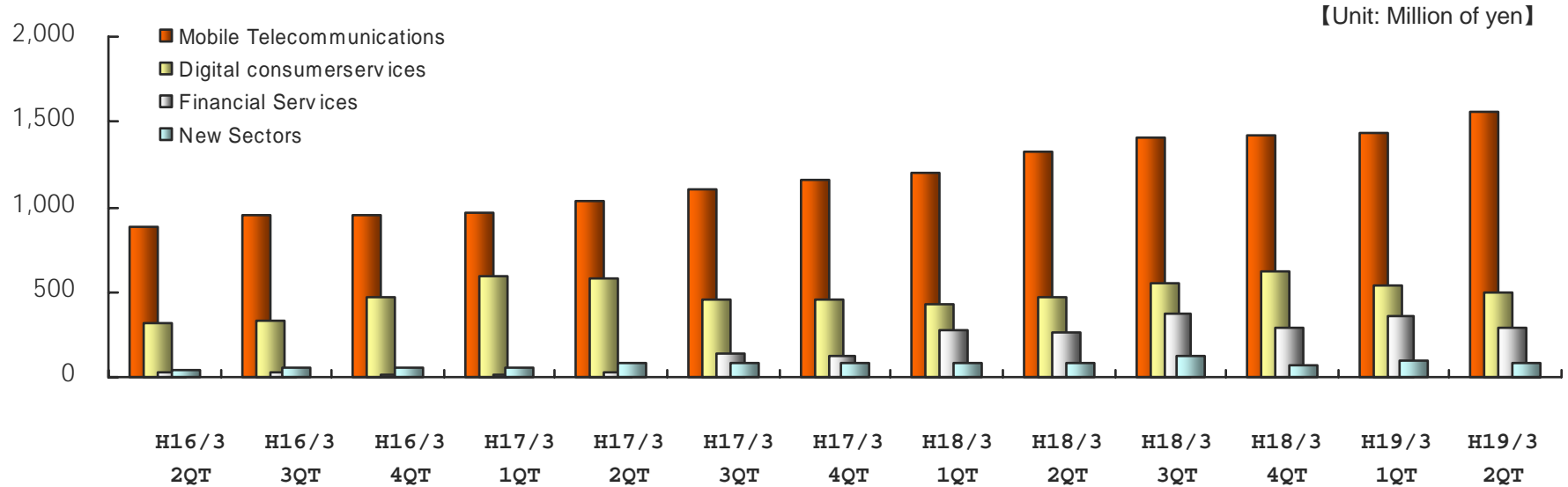
【Unit: Million of yen】

		FY2002	FY2003	FY2004	FY2005	FY2006
Kanto Region	Net Sales	4,038	3,554	3,896	4,582	5,777
	Share	91.1%	80.4%	72.6%	66.1%	64.5%
	Offices	(1)	(1)	(5)	(6)	(9)
National	Net Sales	392	864	1,473	2,351	3,186
	Share	8.9%	19.6%	27.4%	33.9%	35.5%
	Offices	(5)	(6)	(6)	(11)	(13)

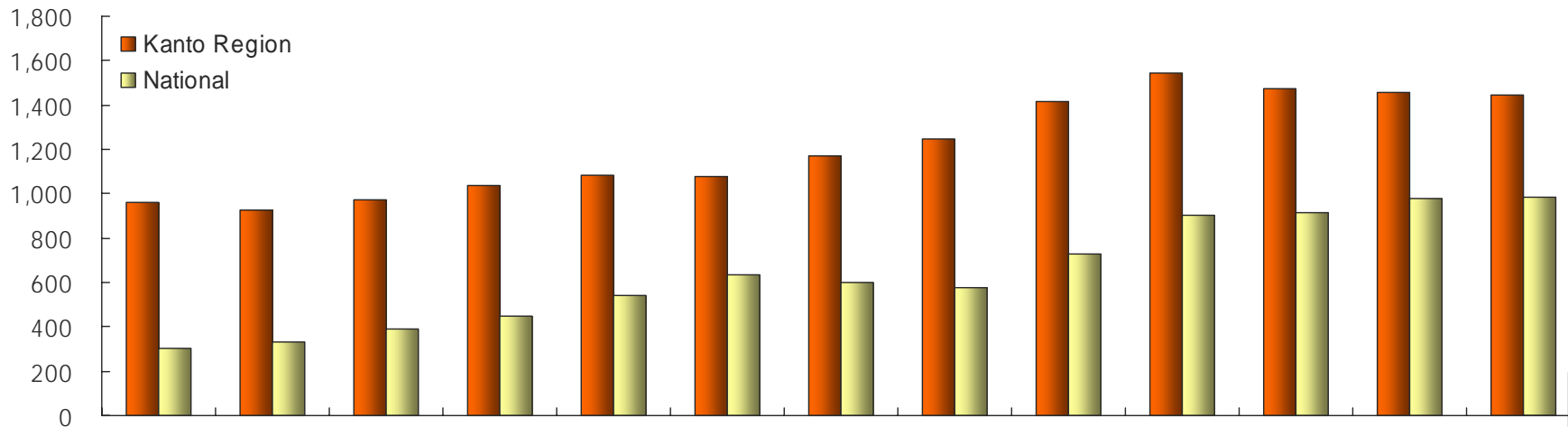


Quarterly Trends In Sales-by Customer Segment and Region

Sales by Customer Segment



Sales by Geographic Region



Office Locations

■ Kanto Region

- Tokyo Head Office
- Chiba Branch Office
- Yokohama Branch Office
- Saitama Branch Office
- West Tokyo Branch Office
- Mito Branch Office
- Utsunomiya Branch Office
- Takasaki Branch Office
- Niigata Branch Office

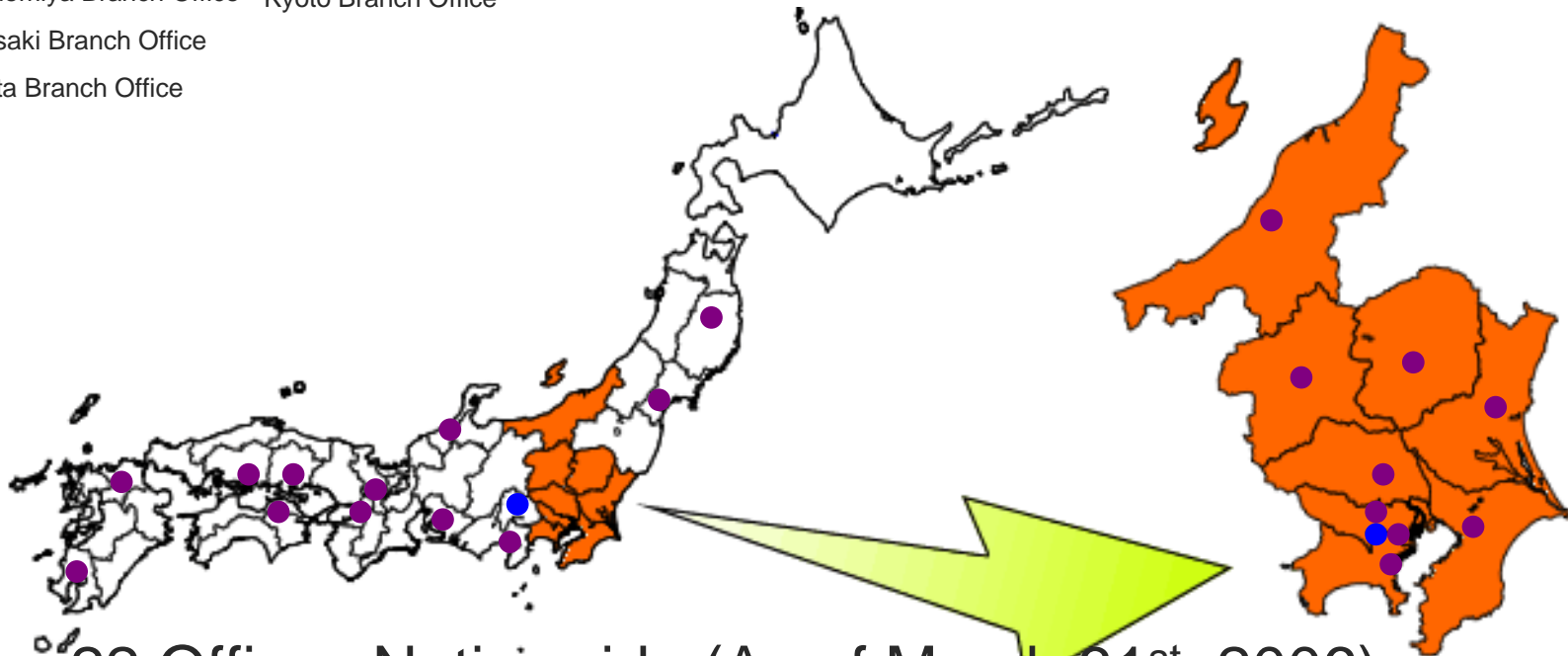
■ National (excluding Kanto)

- Sapporo Branch Office
- Morioka Branch Office
- Sendai Branch Office
- Shizuoka Branch Office
- Nagoya Branch Office
- Hokuriku Branch Office
- Kyoto Branch Office
- Osaka Branch Office
- Okayama Branch Office
- Hiroshima Branch Office
- Shikoku Branch Office
- Fukuoka Branch Office
- North Kyusyu Branch Office

Office locations planned for FY2007

● Machida Branch Office
(Opened in September)

● Kofu Branch Office



22 Offices Nationwide (As of March 31st, 2006)



Consolidated Cash Flows

【Unit: Million of yen】	FY2006 Interim	FY2007 Interim	Y on Y	Changing Factors
Cash flows from operating activities	113	58	-48.7%	Withdrawal of accounts receivable
Cash flows from investing activities	△25	△30	+21.7%	Payments for purchases of property and equipment Payments for purchases of intangible fixed assets
Cash flows from financing activities	△84	△62	-25.2%	Payments for purchase of treasury stock Payments for deposits and guarantees
Cash and cash equivalents at the end of the period	1,082	1,191	+10.0%	
Change in Cash and Cash Equivalents	+4	△35		



Consolidated Statement of Cash Flows

【Unit: Million of yen】	FY2002	FY2003	FY2004	FY2005	FY2006
Cash flows from operating activities	50	74	182	328	342
Cash flows from investing activities	△34	△75	△145	△64	△101
Cash flows from financing activities	160	7	△27	42	△92
Cash and cash equivalents at the end of the period	756	762	771	1,078	1,226
Change in cash equivalents at the end of the period	+176	+5	+9	+306	+147

Sales and Profits Trends-by Group Company

【Unit: Million of yen】	FY2006 Interim	FY2007 Interim	Y on Y
Net Sales	4,125	4,865	+17.9%
Backs Group	3,290	3,882	+18.0%
Giga Japan	512	521	+1.7%
Smart	360	508	+41.1%
Gross Profit	1,056	1,147	+8.7%
Backs Group	895	895	+8.8%
Giga Japan	122	122	-13.5%
Smart	59	59	+55.1%
Operating Income	269	149	-44.5%
Backs Group	209	99	-52.5%
Giga Japan	47	22	-51.6%
Smart	12	26	+109.5%

※Net sales, gross profit, and operating incomes of each group company are not yet adjusted for consolidation. Thus, the total of group companies and the consolidated figure differ.



Shareholders



Shareholder Breakdown by Segment

Shareholder Segment	FY2006 Interim				FY2006 Full Term				FY2007 Interim			
	No. of holders	Share	No. of stocks	Share	No. of holders	Share	No. of stocks	Share	No. of holders	Share	No. of stocks	Share
Government and local authorities	0	0.00	0.00	0.0	0	0.00	0.00	0.0	0	0.00	0.00	0.00
Bank and trust companies	7	0.39	7,752.00	21.0	8	0.13	26,681.00	18.0	9	0.13	30,715.00	20.68
Insurance companies	0	0.00	0.00	0.0	0	0.00	0.00	0.0	0	0.00	0.00	0.00
Other financial institutions	2	0.11	238.00	0.6	3	0.05	2,420.00	1.6	3	0.04	2,991.00	2.01
Securities companies	14	0.78	186.00	0.5	15	0.24	1,793.00	1.2	17	0.25	2,336.00	1.57
Other corporations	15	0.83	3,023.00	8.2	36	0.57	12,108.00	8.2	39	0.58	12,533.00	8.44
Foreign corporations	18	1.00	6,380.00	17.2	29	0.46	23,406.00	15.8	29	0.43	17,652.00	11.89
Individual / others	1,742	96.83	17,776.97	48.1	6,279	98.56	75,271.88	50.8	6,583	98.53	75,728.00	50.99
Treasury stock	1	0.06	1,639.92	4.4	1	0.02	6,559.68	4.4	1	0.01	6,560.00	4.42
Total	1,799	100.00	36,995.89	100.0	6,371	100.00	148,239.56	100.0	6,681	100.00	148,515.00	100.00
Big shareholders	10	0.55	21,496.00	58.10	10	0.15	77,322.00	52.16	10	0.15	75,893.00	51.10
Fund	5	0.27	6,287.00	16.99	5	0.07	20,138.00	13.58	7	0.13	26,150.00	17.60
Floating stocks	1,751	97.33	5,572.97	15.06	6,245	98.02	28,105.92	18.95	6,542	97.91	32,033.00	21.56
Special socks	16	0.88	23,793.92	64.31	17	0.23	87,637.68	59.11	18	0.27	85,699.00	57.70

Returns to Shareholders

Improved liquidity by Stock Split

Date	Contents
April 26 th , 2001	1.5 for 1
December 19 th , 2003	4 for 1
May 20 th , 2004	2 for 1
January 20 th , 2006	4 for 1

Dividend Policy

	FY2003	FY2004	FY2005	FY2006	FY2007 (Forecasts)
Divided price (yen)	3,500 yen	1,500 yen	2,000 yen	625 yen	950 yen
Payout ratio (%)	16.4%	16.2%	25.0%	23.8%	46.2%

At present, we assume that the dividend for FY2007 be 950 yen, the same amount as the initial forecast.

Acquisition of treasury stocks

Our company acquired treasury stocks for the purpose of implementing dynamic capital strategies.

Outlines of the acquisition

- (1) The number of treasury stocks acquired should be up to 3,000 stocks (2.01% of the total number of stocks outstanding).
- (2) The treasury stocks should be acquired during the period from October 12, 2006 to March 30, 2007.

Forward-Looking Statements

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