



BACKS GROUP, Inc.

**Presentation of Results for the Third Quarter
of the Fiscal Year Ending March 31, 2007**

January 23, 2007 BACKS GROUP



BACKS GROUP

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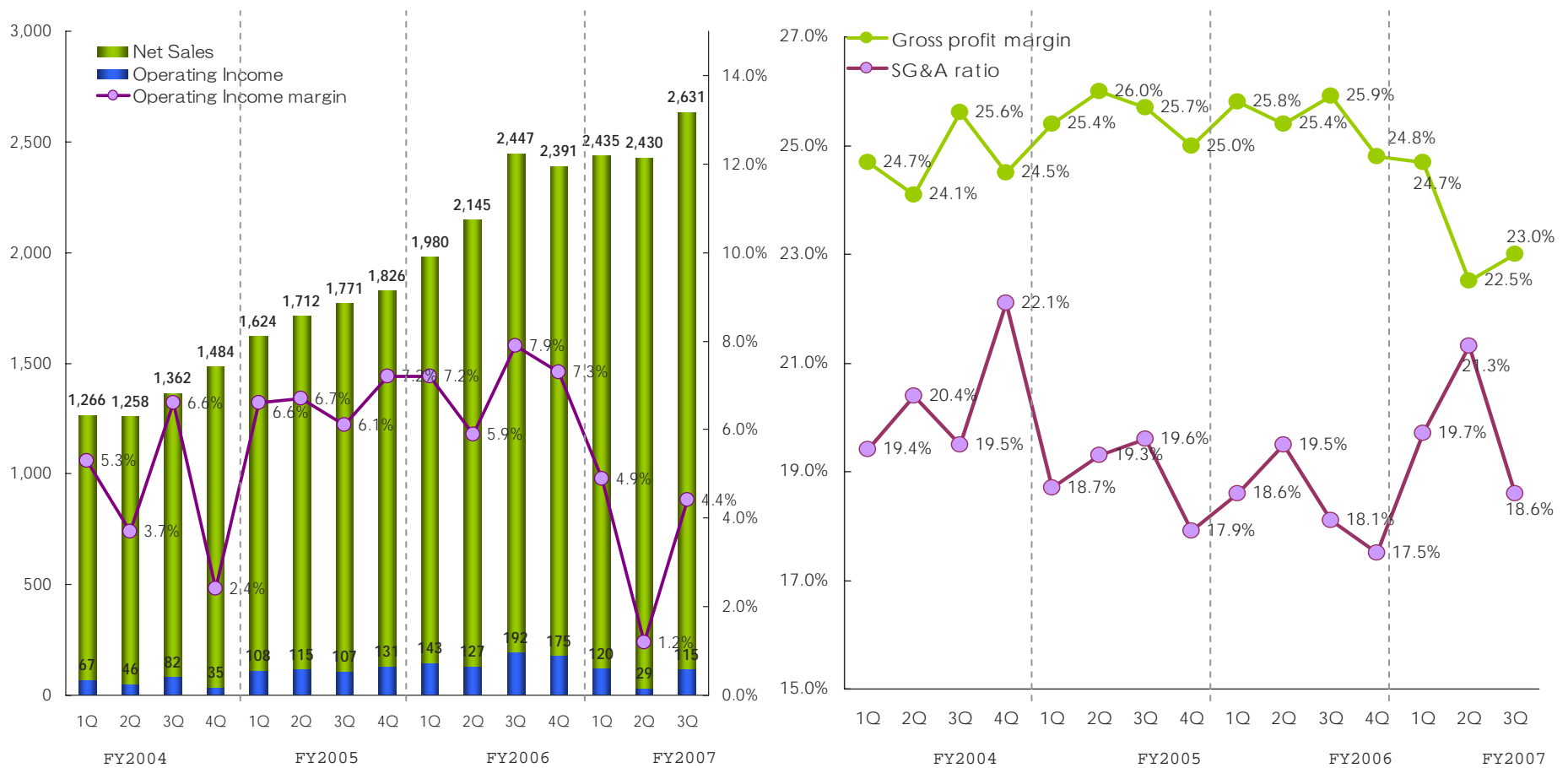
FY2007 the Third Quarter Results Highlights

[Unit : million of yen]	FY2006 3Q	FY2007 3Q	Y on Y	Rate of Achievement of Full Term Budgets
Net Sales	6,572	7,496	+14.1%	71.2%
Gross Profit	1,690	1,753	+3.7%	68.6%
(Gross profit margin)	(25.7%)	(23.4%)	-2.3ppts	-
(SG & A ratio)	(18.7%)	(19.8%)	+1.1ppts	-
Operating Income	462	265	-42.6%	53.0%
(Operating income margin)	(7.0%)	(3.5%)	-3.5ppts	-
Ordinary Income	461	261	-43.3%	52.4%
Interim Net Income	264	148	-43.8%	50.8%

Profitability-Quarterly Basis





Gross profit margin : Stagnation of campaign demand

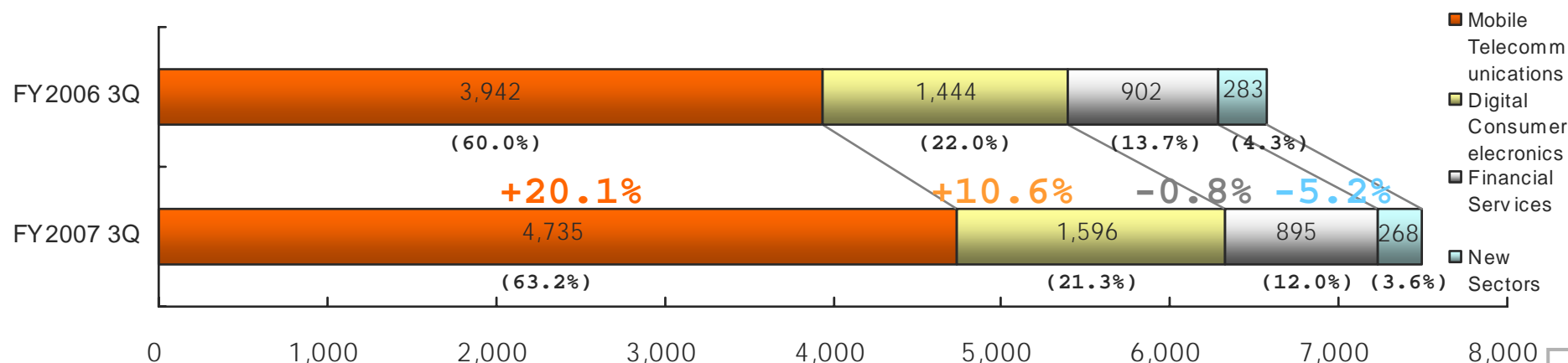
SG & A ratio : An increase in full time staff adoption cost



Sales by Customer Segment

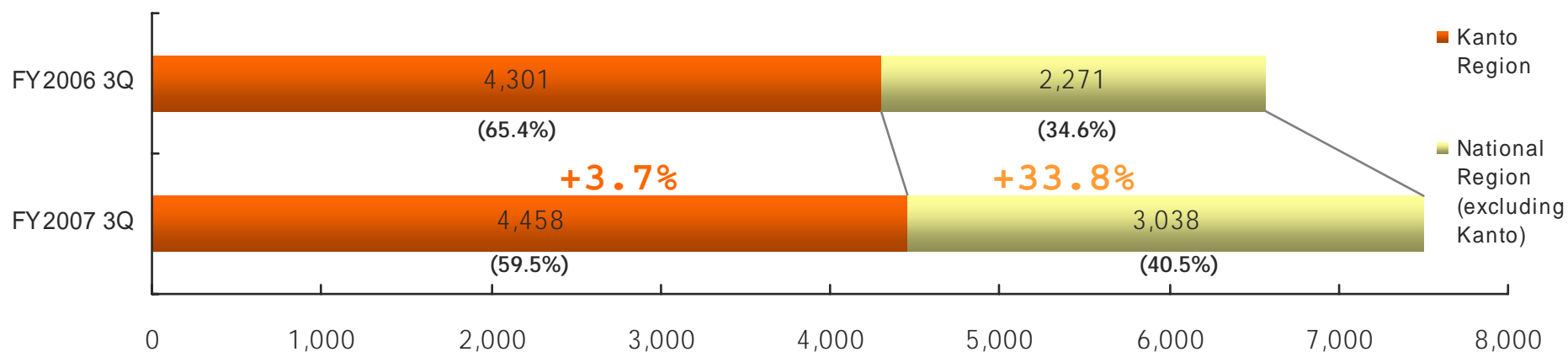
【Unit : Million of yen】

	FY2006 3Q	Share	FY2007 3Q	Share	Y on Y
 Mobile Telecommunications	3,942	60.0%	4,735	63.2%	+20.1%
 Digital Consumer electronics	1,444	22.0%	1,596	21.3%	+10.6%
 Financial Services	902	13.7%	895	12.0%	-0.8%
 New Sectors	283	4.3%	268	3.6%	-5.2%



Sales by Geographic Region

	FY2006 3Q	Share	FY2007 3Q	Share	Y on Y
【Unit : million of yen】 Kanto Region (offices)	4,301	65.4%	4,458	59.5%	+3.7%
National (excluding Kanto) (offices)	2,271	34.6%	3,038	40.5%	+33.8%



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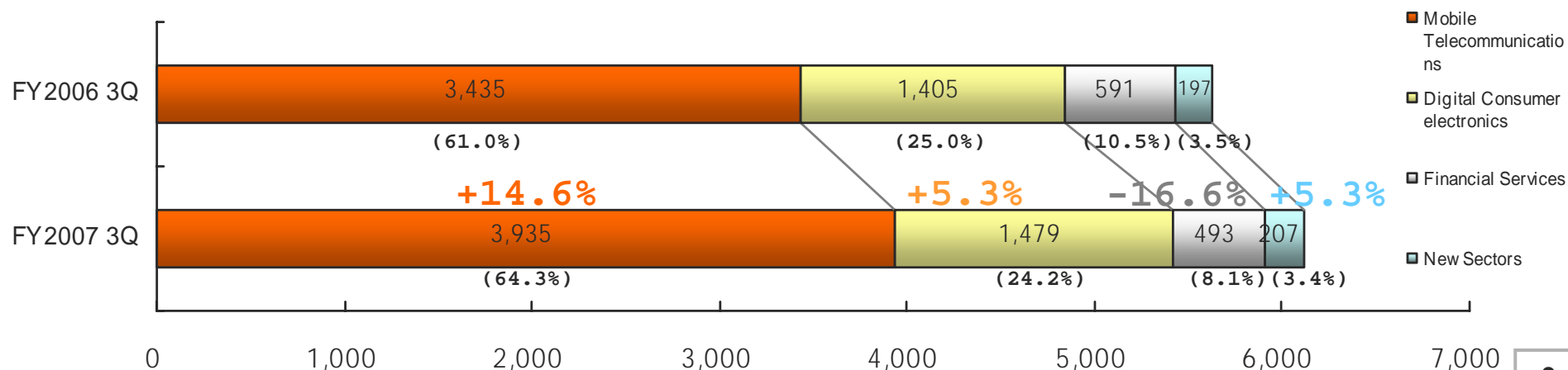
Results Highlights

Business Segment Overview

	[Unit : million of yen]	FY2006 3Q	FY2007 3Q	Y on Y
Outsourcing	Net Sales	5,629	6,116	+8.7%
	(Share)	(85.7%)	(81.6%)	
	Operating Income	490	313	-36.2%
	(Operating margin)	(8.7%)	(5.1%)	-3.6ppts
Temporary Staffing	Net Sales	942	1,380	+46.4%
	(Share)	(14.3%)	(18.4%)	
	Operating Income	60	70	+16.4%
	(Operating margin)	(6.4%)	(5.1%)	-1.3ppts

Outsourcing Business Overview

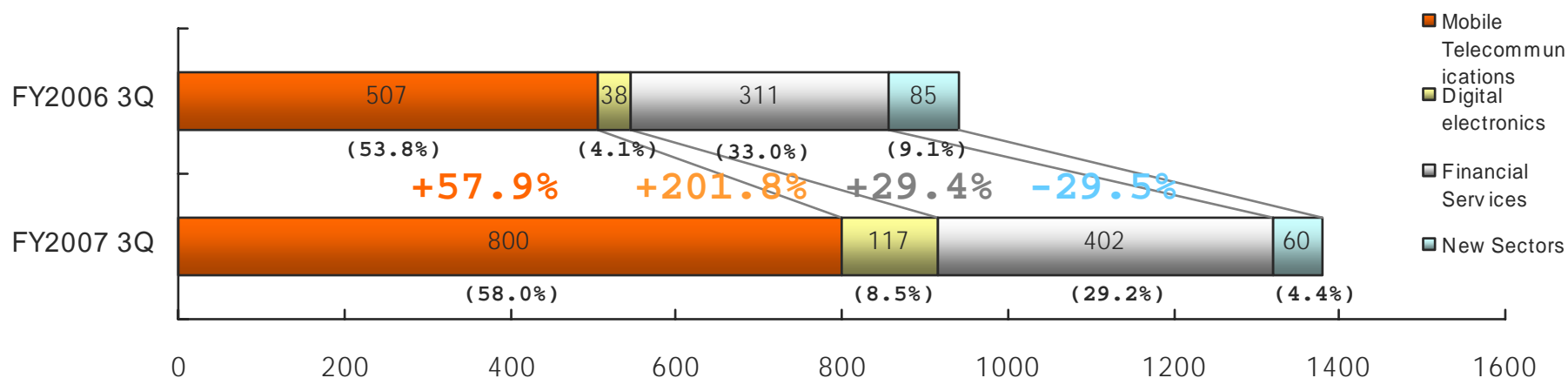
	FY2006 3Q		FY2007 3Q		Y on Y
[Unit : million of yen]		Share		Share	
 Mobile Telecommunications	3,435	61.0%	3,935	64.3%	+14.6%
 Digital Consumer electronics	1,405	25.0%	1,479	24.2%	+5.3%
 Financial Services	591	10.5%	493	8.1%	-16.6%
 New Sectors	197	3.5%	207	3.4%	+5.3%



Temporary Staffing Business Overview

[Unit : million of yen]

	FY2006 3Q	Share	FY2007 3Q	Share	Y on Y
Mobile Telecommunications	507	53.8%	800	58.0%	+57.9%
Digital consumer electronics	38	4.1%	117	8.5%	+201.8%
Financial Services	311	33.0%	402	29.2%	+29.4%
New Sectors	85	9.1%	60	4.4%	-29.5%

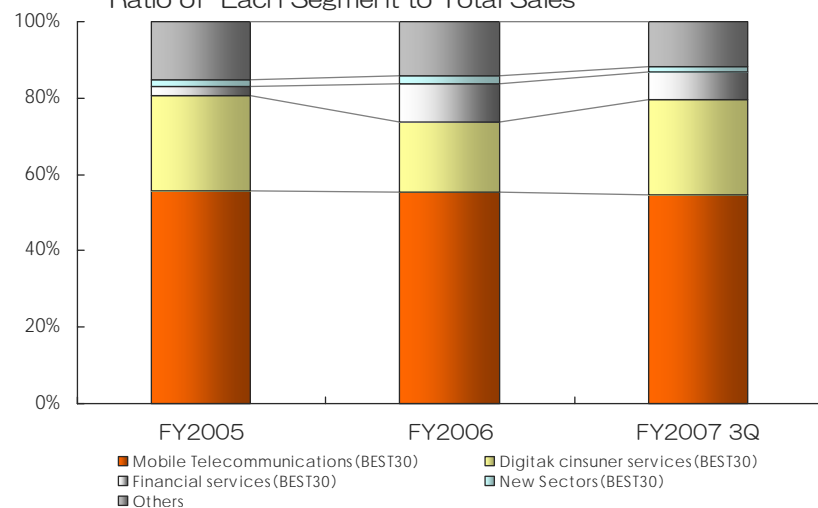


Top 30 Customers-Sales

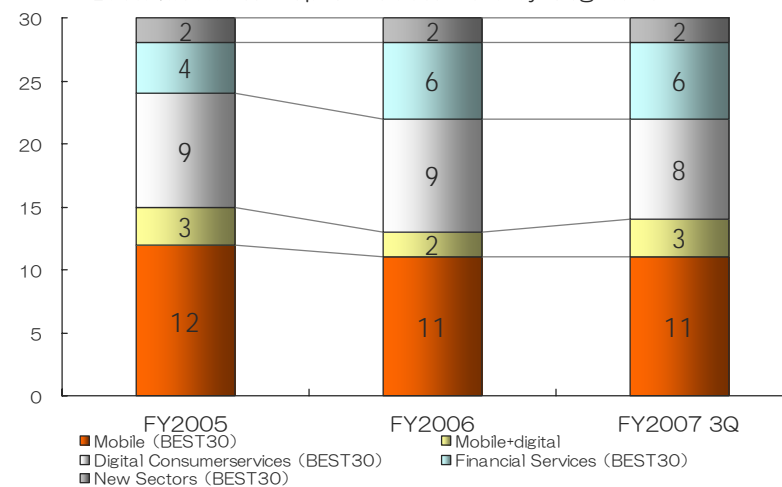
【Unit : million of yen】	FY2005			FY2006			FY2007 3Q			Y on Y
	Net Sales	Share	Firm	Net Sales	Share	Firm	Net Sales	share	Firm	
Mobile Telecommunications	3,860	55.7%	15	4,975	55.5%	13	4,440	59.2%	14	+21.6%
Digital consumer services	1,733	25.0%	12	1,626	18.1%	11	1,366	18.2%	11	+14.1%
Financial Services	165	2.4%	4	911	10.2%	6	601	8.0%	6	-15.1%
New Sectors	121	1.8%	2	187	2.1%	2	118	1.6%	3	-16.3%
Top Thirty Total	5,881	84.8%	30	7,700	85.9%	30	6,527	87.1%	30	+14.5%
Others	1,052	15.2%	237	1,262	14.1%	205	969	12.9%	206	+11.3%
Total	6,933	100.0%	267	8,963	100.0%	235	7,496	100.0%	236	+14.1%

※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



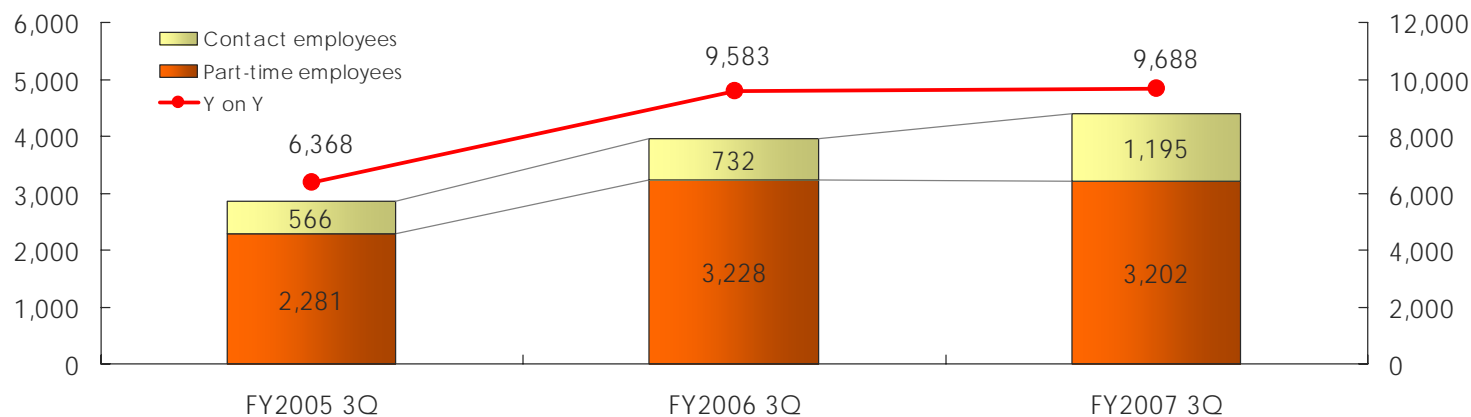
Breakdown to Top 30 Customers by Segment



Number of Staff

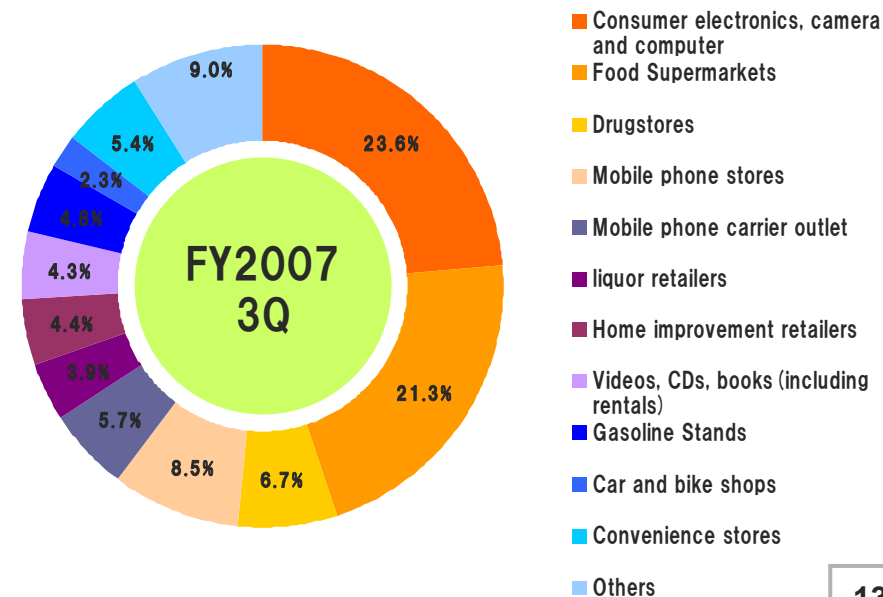
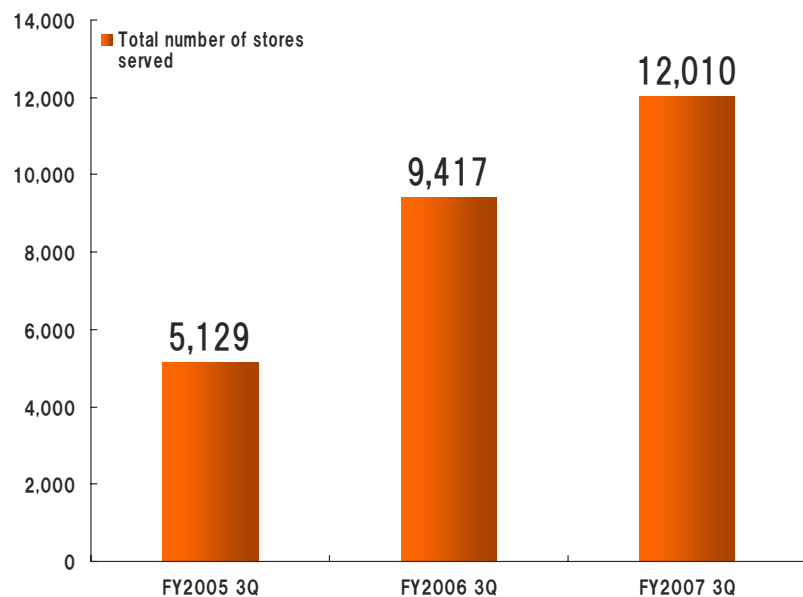
【UNIT: million of yen, person】

	FY2005 3Q	FY2006 3Q	FY2007 3Q
Active Staff (monthly average)	2,847	3,960	4,397
(Contact employees)	566	732	1,195
(Part-time employees)	2,281	3,228	3,202
Avg. sales amount per person	199	184	189
Registered staff	26,666	36,249	45,937
(Y on Y)	+6,368	+9,583	+9,688



Total number of stores serviced

	FY2005 3Q	FY2006 3Q	FY2007 3Q
Total number of stores	5,129	9,417	12,010
(Y on Y)		+1,657	+2,593



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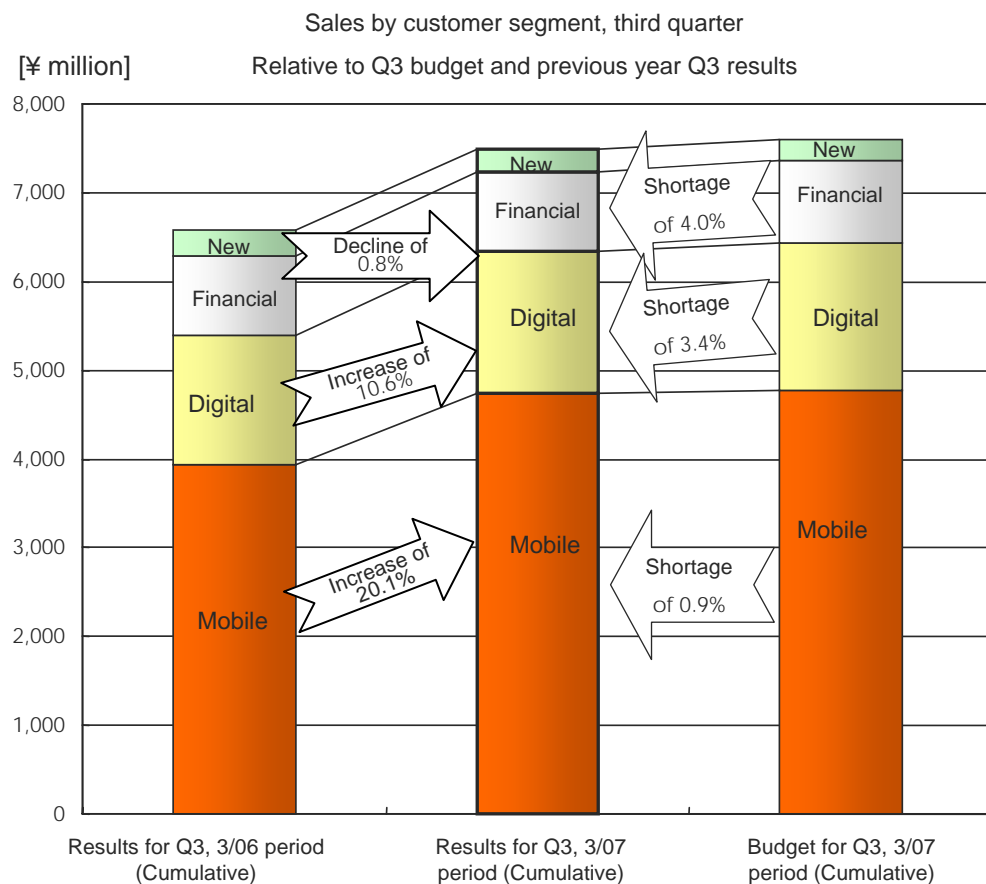


Strategies



Results by segment —mobile recovers, growth in financial and new business areas is a challenge

Status through Q3



① Mobile communications

⇒ Major growth in sales throughout Japan

② Digital consumer electronics

⇒ Steady growth in sales, particularly in the Tokyo metropolitan area

③ Financial services

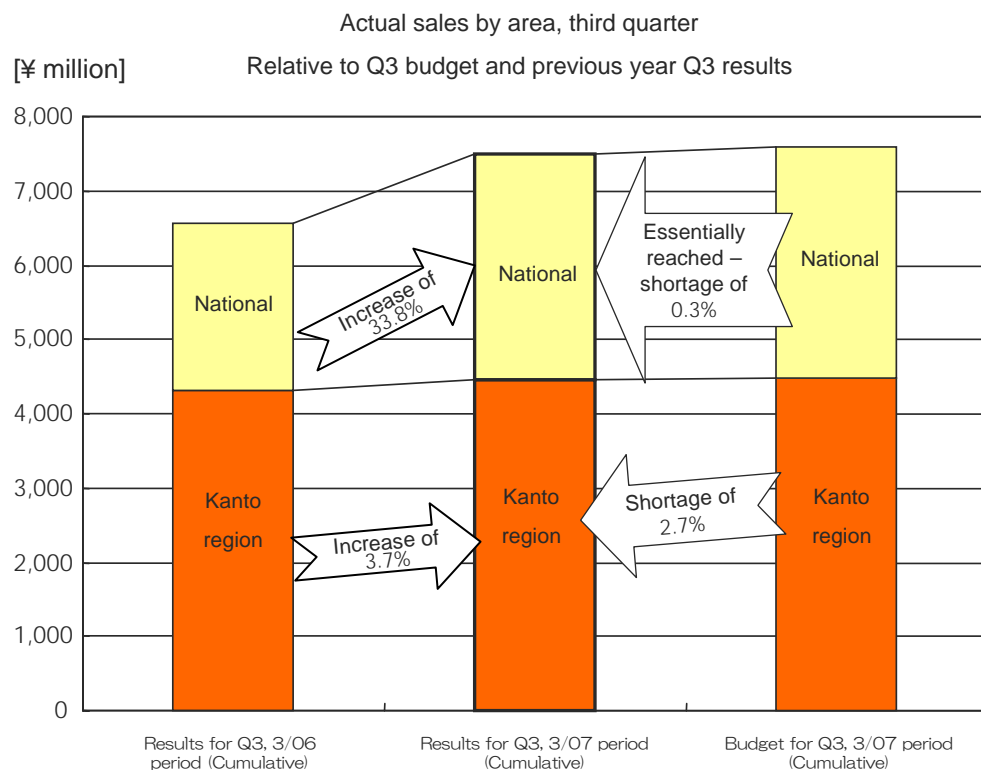
⇒ Decline in sales in the Tokyo metropolitan area, as we terminated unprofitable projects

④ New sectors

⇒ Fewer customers for new products

By region: Steady results nationally, acquiring new contracts in the Kanto region is an issue

Status through Q3



① Kanto

⇒ Intensified competition, especially in mobile area

Decline in contracts in new and financial areas

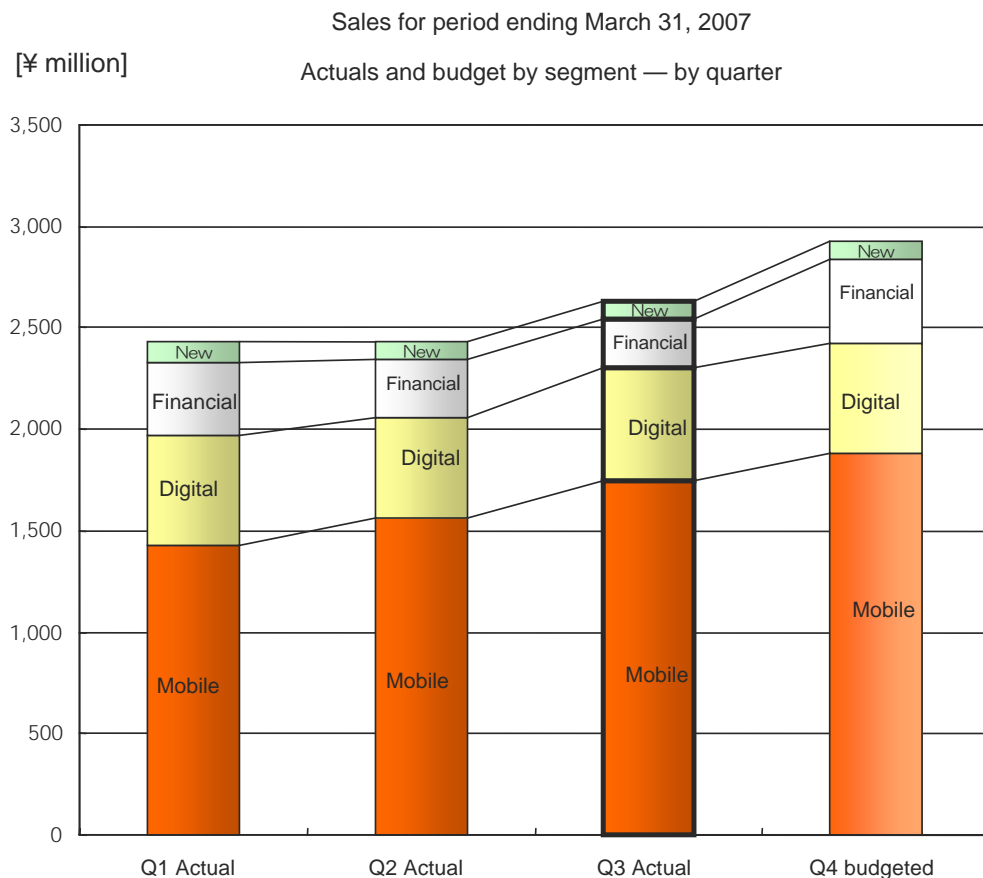
② National (excluding Kanto)

⇒ New locations opened in the previous period have been successful, and sales have grown markedly.

Mobile communications and financial services are driving overall results.

Sales by segment — Improve margins by expanding client base

Strategy for the fourth quarter



① **Mobile communications**

⇒ Increase orders for campaigns with high rates of return

② **Digital consumer electronics**

⇒ Acquire new customers

③ **Financial services**

⇒ Get orders from nationwide campaigns

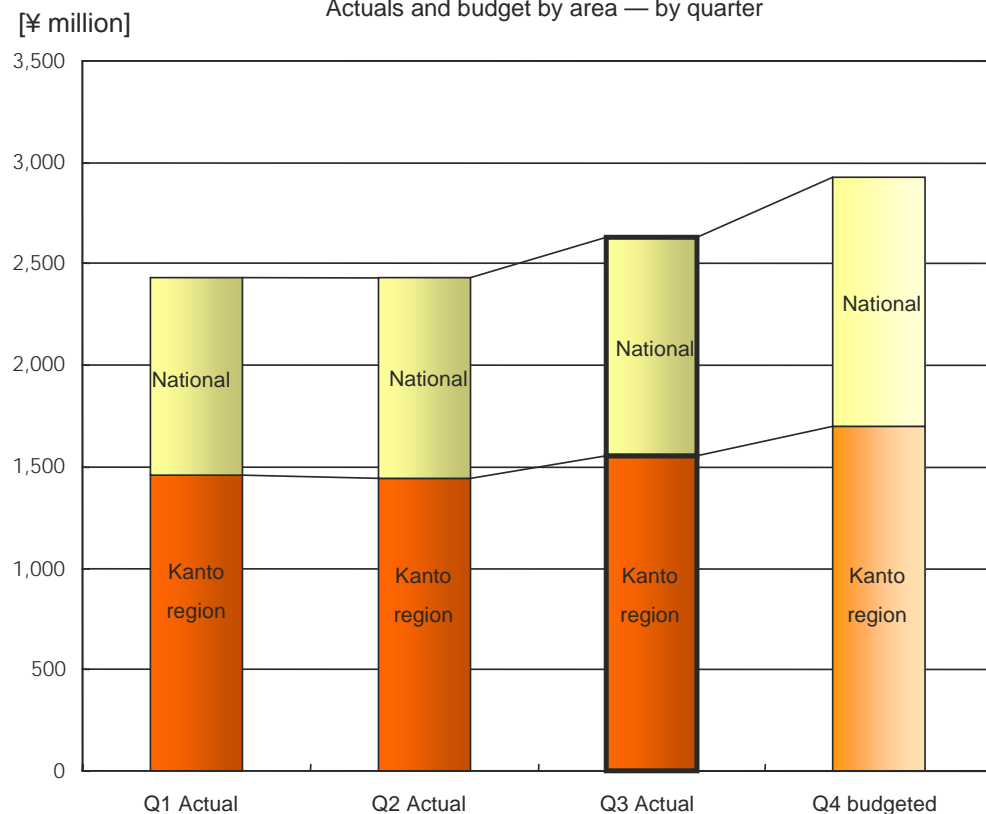
④ **New sectors**

⇒ Develop new clients including those for Orange Light

Sales by region — Improve staffing efficiency in the Kanto region through use of a registration system

Strategy for the fourth quarter

Sales for period ending March 31, 2007
Actuals and budget by area — by quarter



① **Kanto**

⇒ Enhance ability to supply staff by use of a registration system

Aim for recovery in financial services and new sectors by fully utilizing the marketing development department

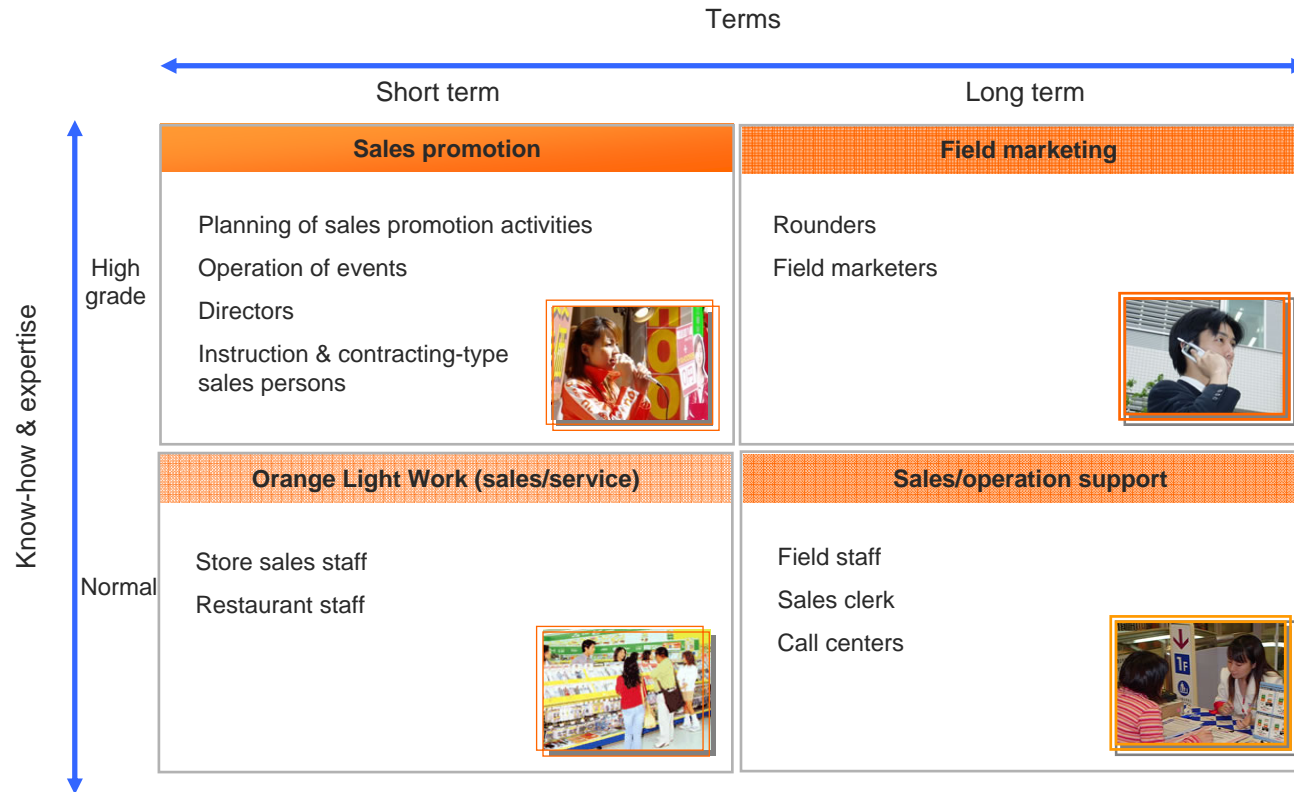
② **National (excluding Kanto)**

⇒ Aim for expansion of client base at all locations, by increasing the number of marketing personnel

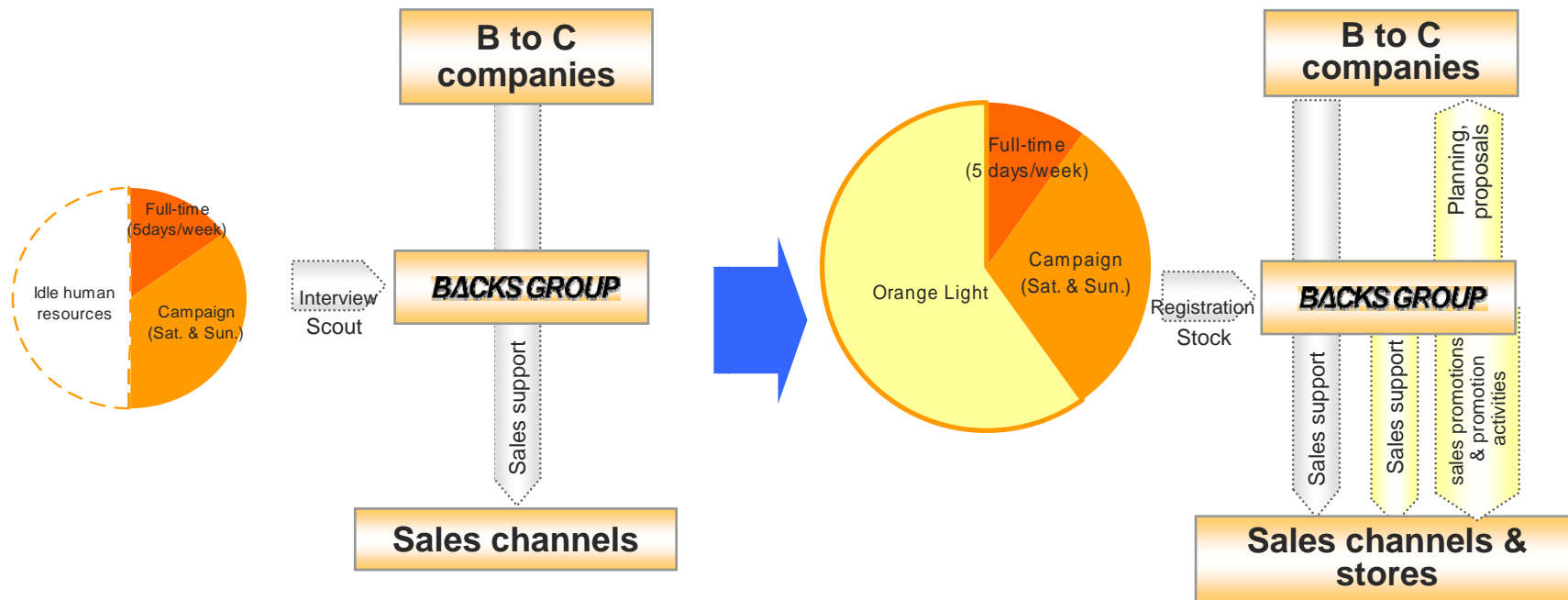
Management issues in the 3rd quarter and strategies for the 4th quarter

Management Issues in the 3rd quarter	Measures to be taken in the 4th quarter
<p>Sales</p> <p>Recover sales growth in the Kanto area</p> <ul style="list-style-type: none"> → Strengthen capacity for new marketing → Increase contracts for mobile communications and financial services campaigns → Improve staff supply capacity 	<p>Sales</p> <ul style="list-style-type: none"> → Optimize allocation of business resources by bringing on line dedicated marketing team → Improve capacity to supply staff by moving to a registration system → Signing new clients including for Orange Light
<p>■ Gross profit margin</p> <p>Increase sales from campaigns</p> <ul style="list-style-type: none"> → Secure contracts from campaigns with high rates of return <p>Improve gross profit margin</p> <ul style="list-style-type: none"> → Promote switch to our staff to service digital clients - business where reliance on outsourcing is high 	<p>■ Gross profit margin</p> <ul style="list-style-type: none"> → Promote sales activities by headquarters to gain nationwide bulk orders → Pull out of low-margin projects, shift sales to high-margin projects → Begin offering contract to hire, an area where client needs are high
<p>■ Ratio of sales, general and administrative expenses</p> <p>Control sales, general and administrative costs</p> <ul style="list-style-type: none"> → Shift from fixed costs to variable costs 	<p>■ Ratio of sales, general and administrative expenses</p> <ul style="list-style-type: none"> → Improve management efficiency further by lowering the percentage of regular employees, and at the same time, reduce sales, general and administrative costs by recovering sales growth → Control hiring costs by making our own recruiting site's content public

Business domain



Paradigm shift to a comprehensive orange collar company

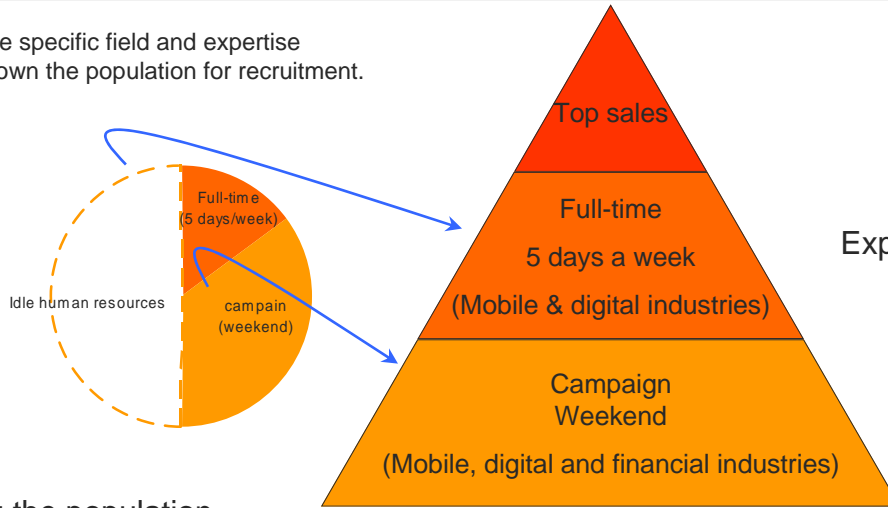


Backs Second Expansion Plan

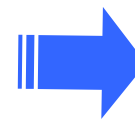
1. To meet every type of need related to sales promotion and business operations of B to C companies and sales channels
2. To provide job seekers of every generation with diversified employment styles

Recruitment

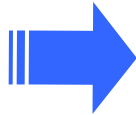
Limiting the specific field and expertise narrows down the population for recruitment.



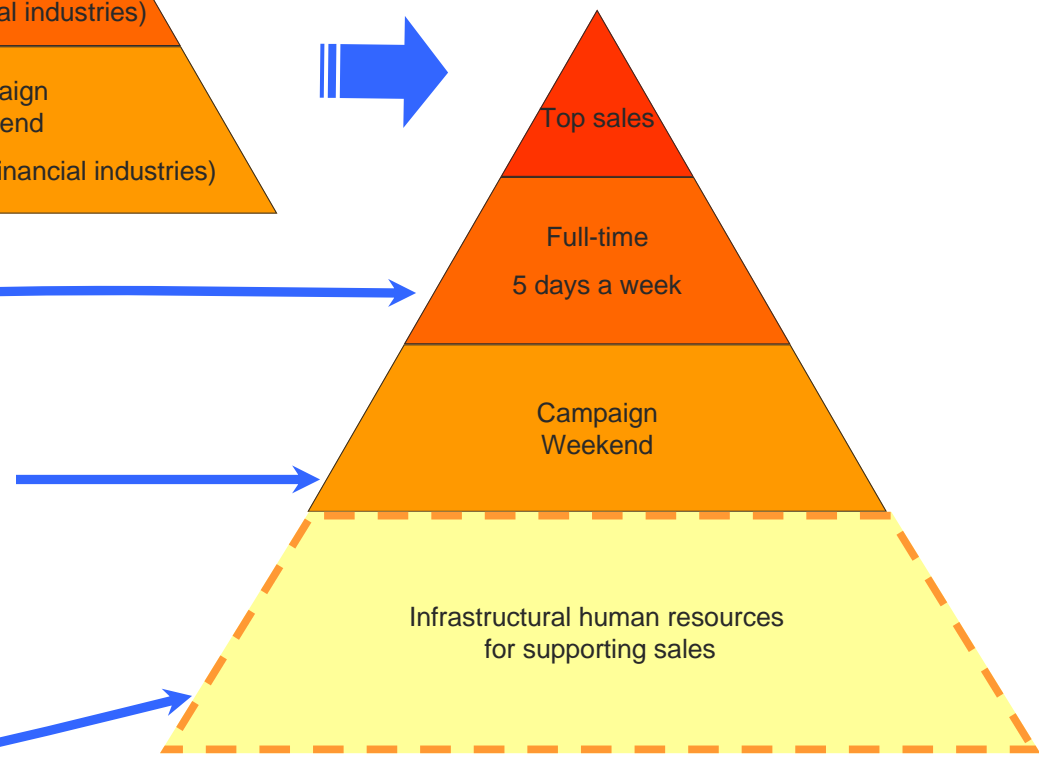
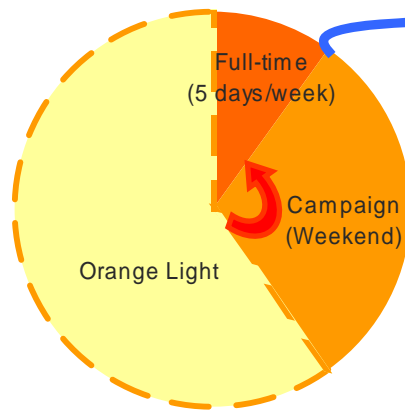
Expanding the client base



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.



Utilization of Own Recruiting Site

PC

Mobile

In January, 2007, “Mobile Digibei.com” (<http://digibei.com>), the website operated by Backs Group, was certified as an official content of EZ web, a mobile internet service of KDDI Corporation, and as an affiliated mobile internet service of SoftBank Mobile Corp.

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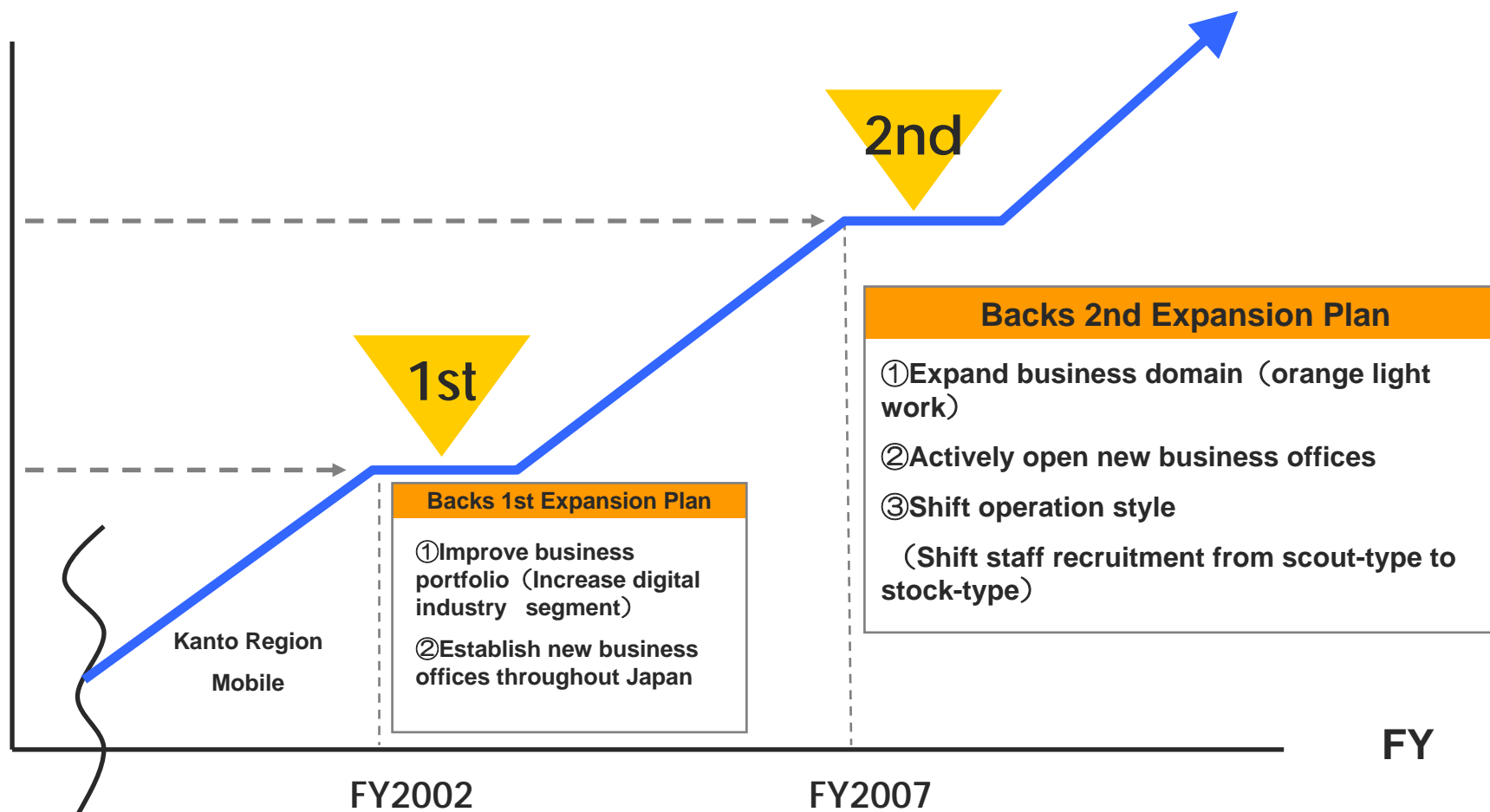


Management strategies

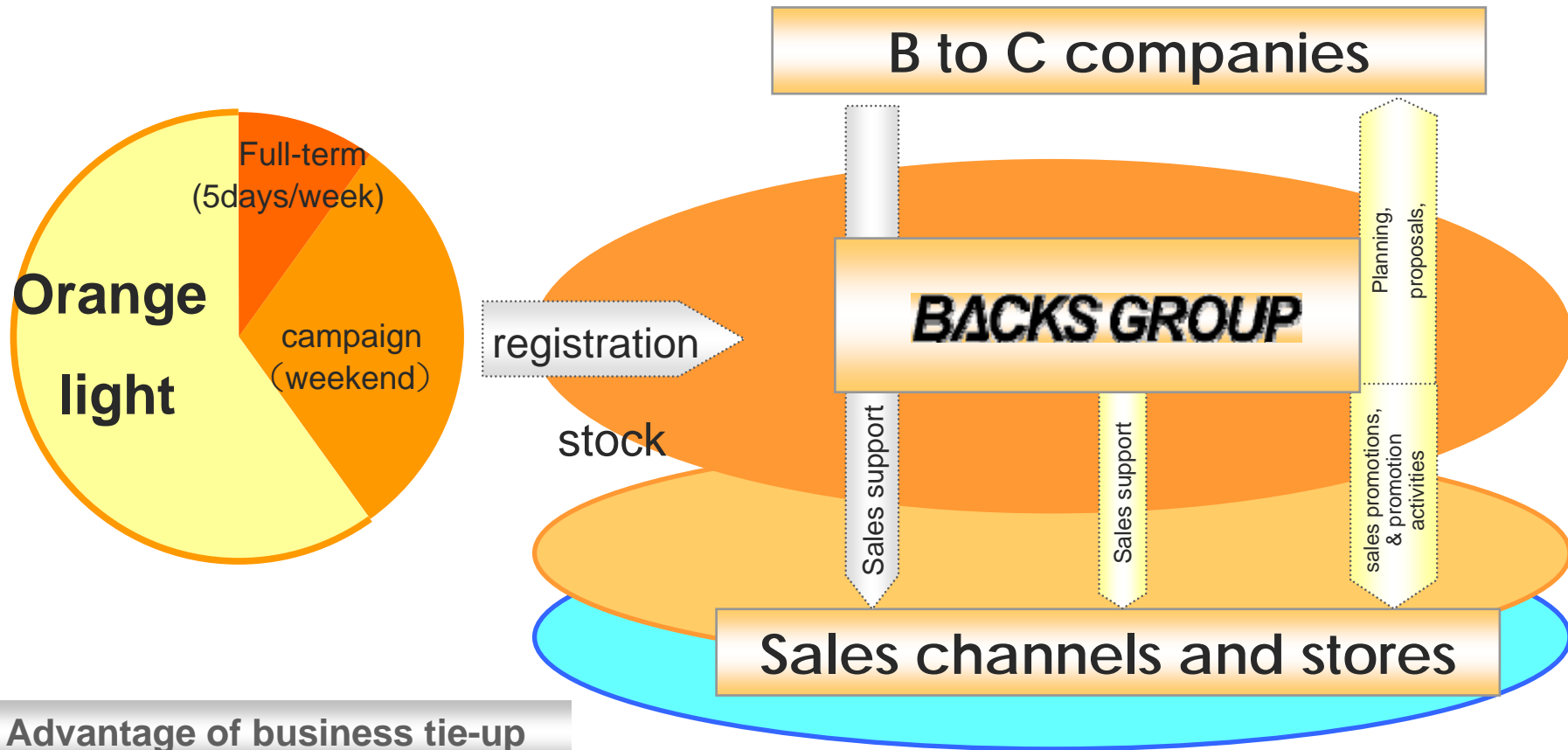


Scenario of Backs Second Expansion Plan

Net sales

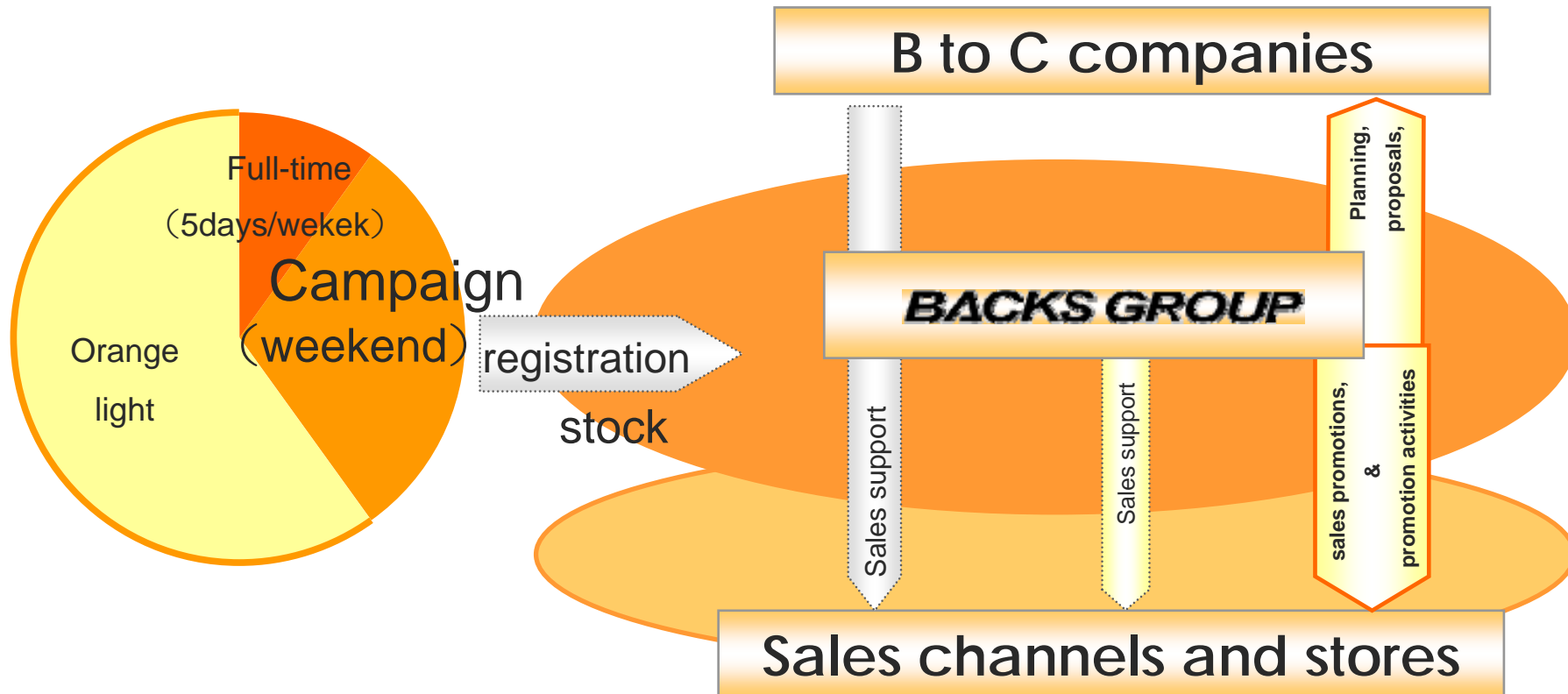


Business tie-up with S-Pool,Inc.



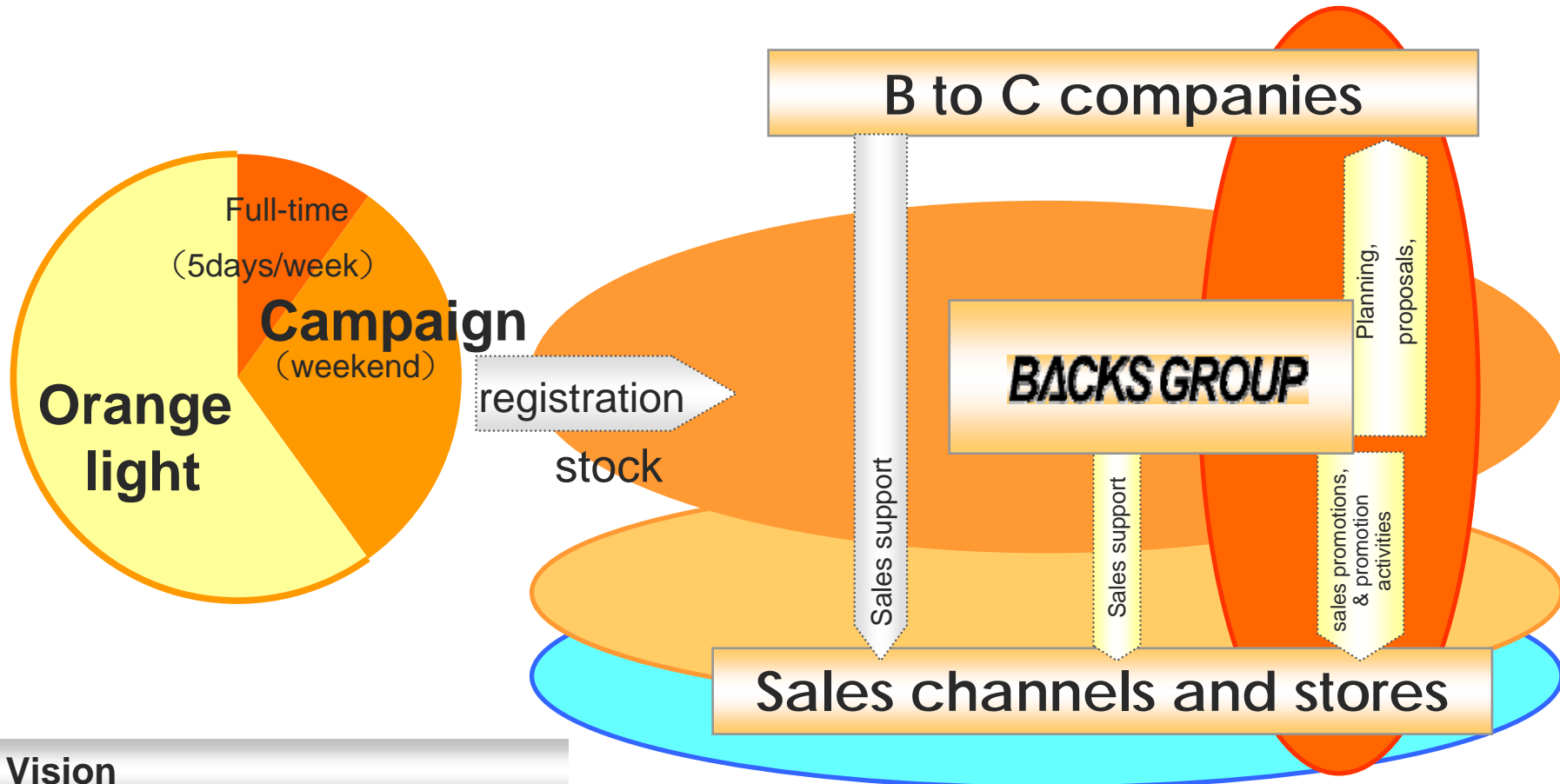
Advantage of business tie-up

- 1. Responds to every requirement relating to sales promotion and business operation for B2C companies and sales channels
- 2. Joint development of core systems for registering personnel, matching and payroll

Business tie- up with Lightous International**Advantage of business-tie up**

1. Responds to every requirement relating to sales promotion and business operation for B2C companies and sales channels
2. Improves capability for devising and implementing sales promotion plans and creating sales promotion tools

Advance to a comprehensive orange collar company



Vision

Let's create the business, in each and every part of Japan and in all channels, by spreading awareness of "Orange Collar Outsourcing" among clients in all industrial categories.

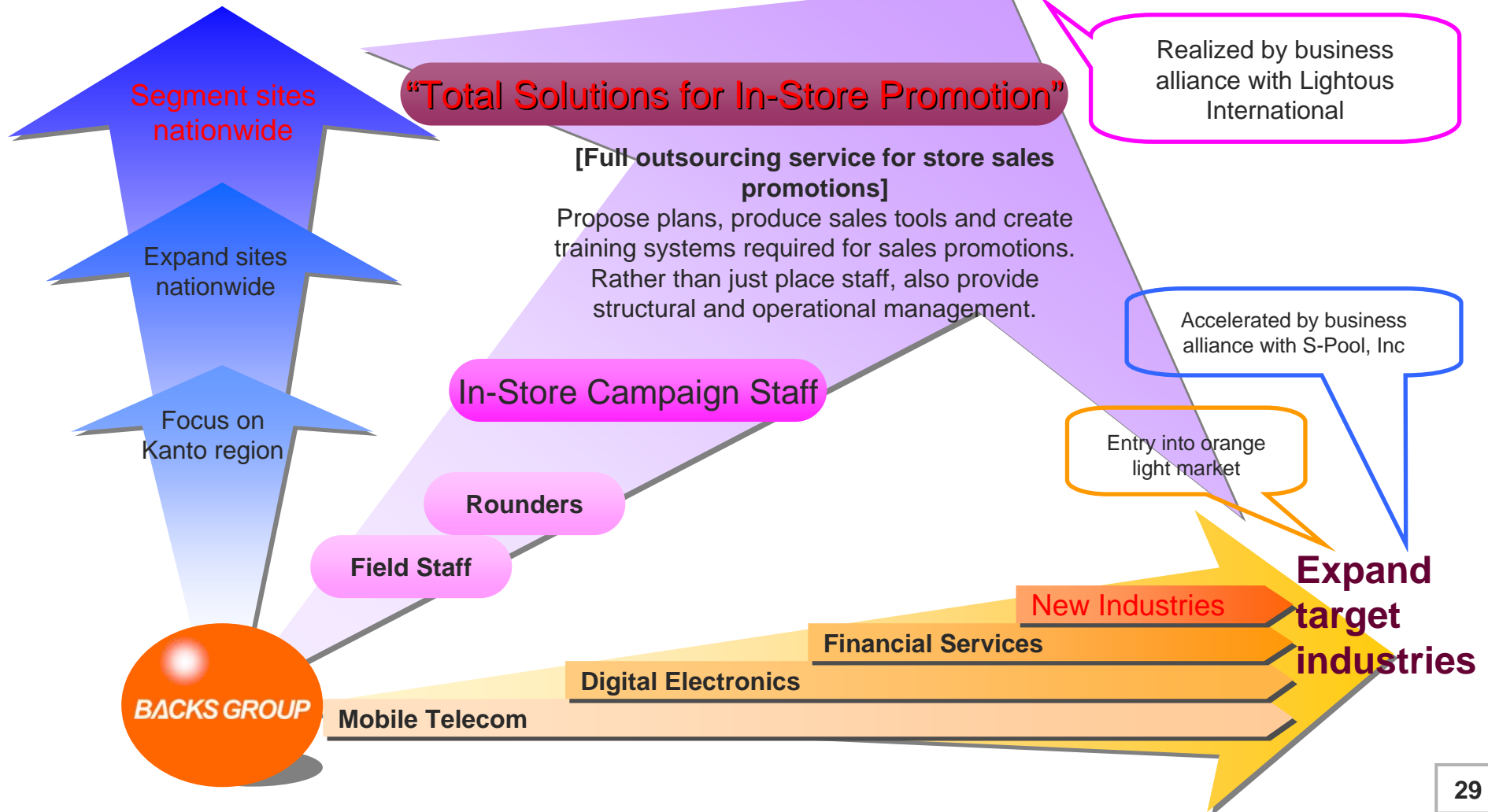
Offer Full-line Services through Alliance Strategies

Expand service area

23 sites nationwide

Enhance service lineup

One-stop shops for over-the-counter promotion



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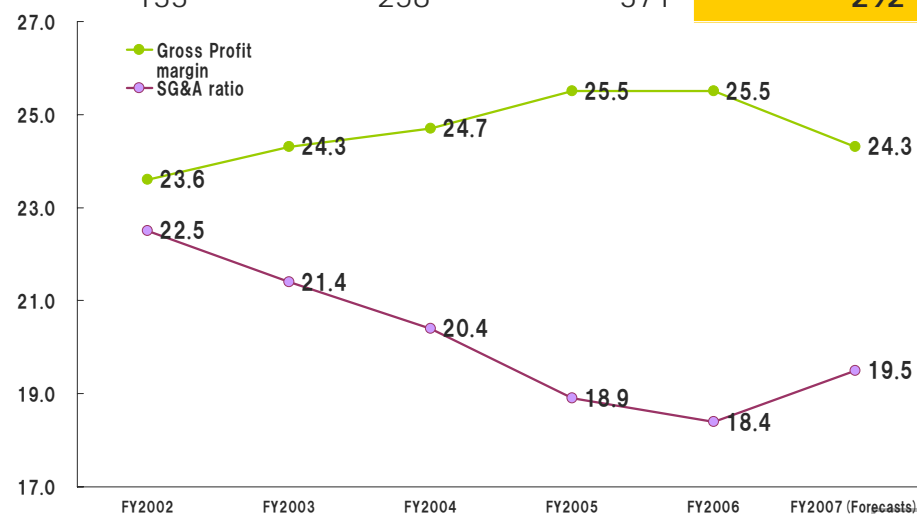
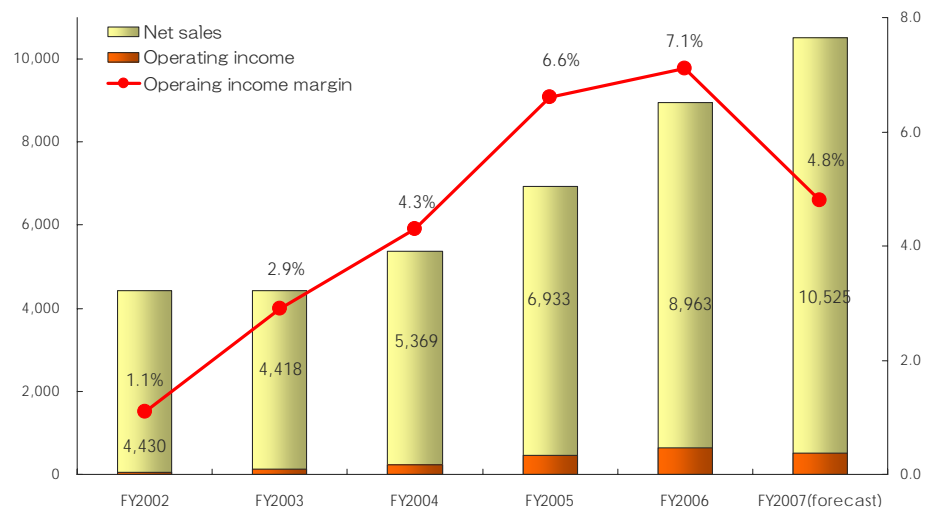
References



Performance Trends

[Unit: Million of yen]

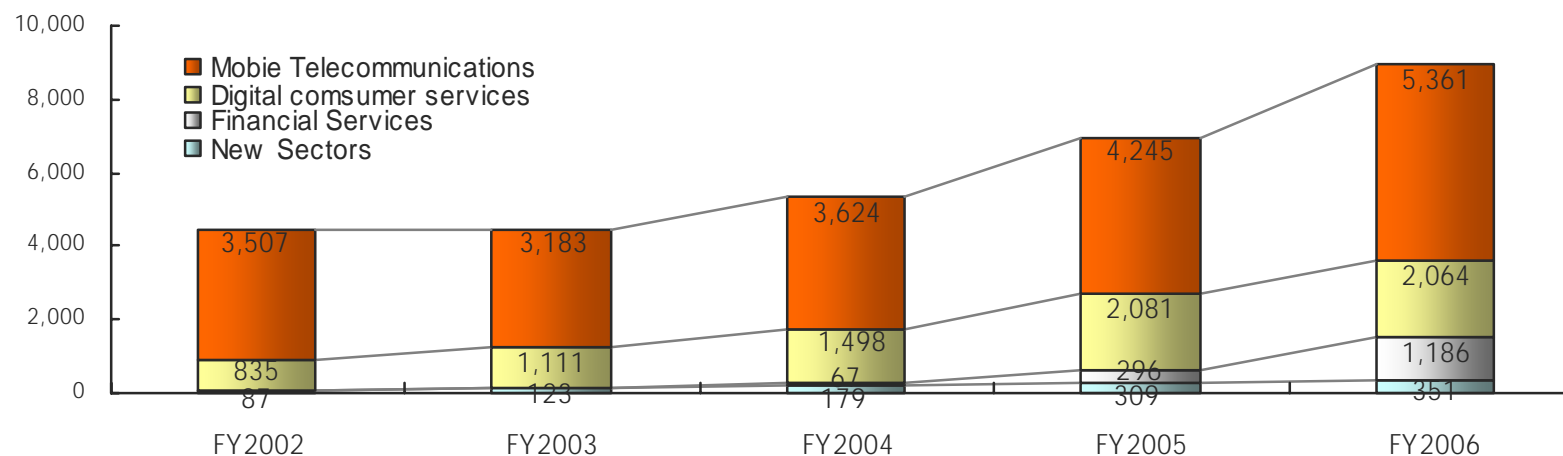
	FY2002	FY2003	FY2004	FY2005	FY2006	FY2007 (Forecasts)
Net Sales	4,430	4,418	5,369	6,933	8,963	10,525
Gross Profit	1,048	1,073	1,328	1,769	2,283	2,557
(Gross Profit Margin)	(23.6%)	(24.3%)	(24.7%)	(25.5%)	(25.5%)	(24.3%)
(SG&A ratio)	(22.5%)	(21.4%)	(20.4%)	(18.9%)	(18.4%)	(19.5%)
Operating Income	49	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]

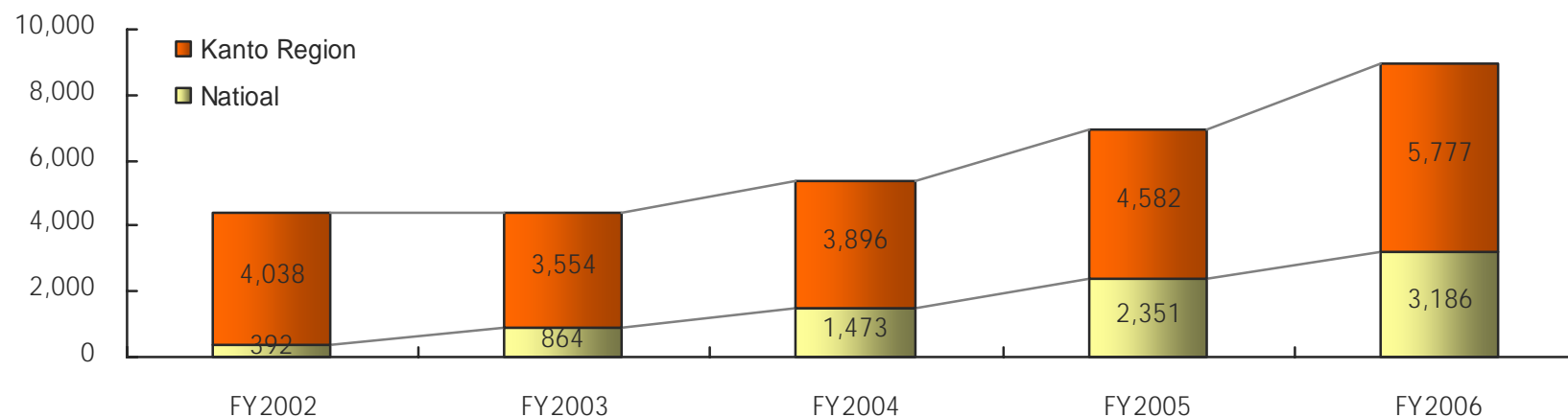
		FY2002	FY2003	FY2004	FY2005	FY2006
Mobile Telecommunications	Net Sales	3,507	3,183	3,624	4,245	5,361
	Share	79.2%	72.0%	67.5%	61.2%	59.8%
Digital consumer electronics	Net Sales	835	1,111	1,498	2,081	2,064
	Share	18.9%	25.2%	27.9%	30.0%	23.0%
Financial Services	Net Sales	—	—	67	296	1,186
	Share	—	—	1.2%	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】

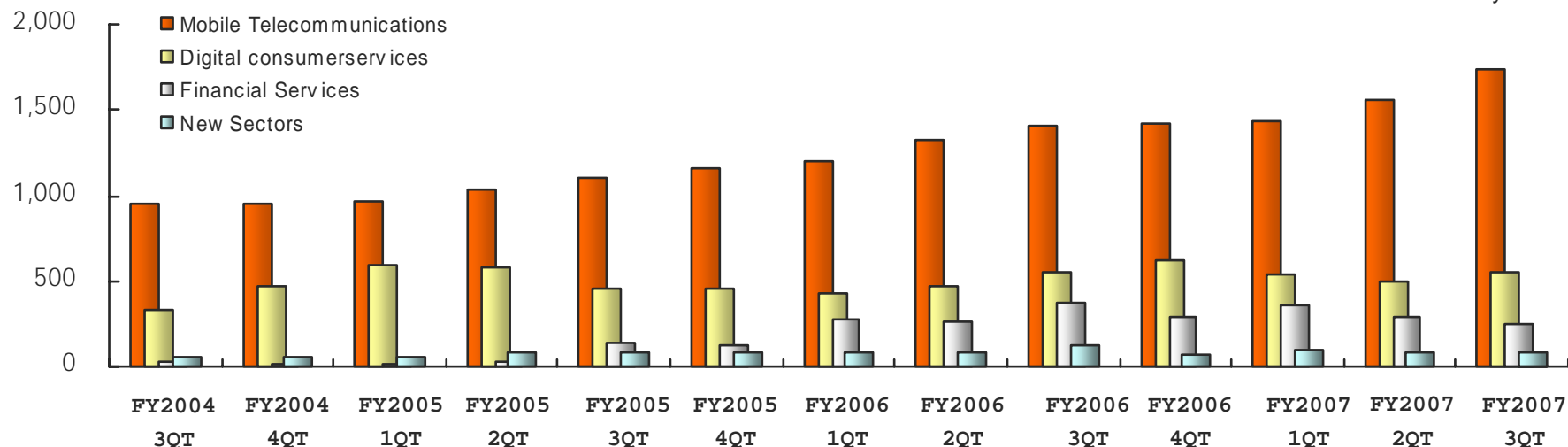
		FY2002	FY2003	FY2004	FY2005	FY2006
Kanto Region	Net Sales	4,038	3,554	3,896	4,582	5,777
	Share	91.1%	80.4%	72.6%	66.1%	64.5%
	Offices	(1)	(1)	(5)	(6)	(9)
National (excluding Kanto)	Net Sales	392	864	1,473	2,351	3,186
	Share	8.9%	19.6%	27.4%	33.9%	35.5%
	Offices	(5)	(6)	(6)	(11)	(13)



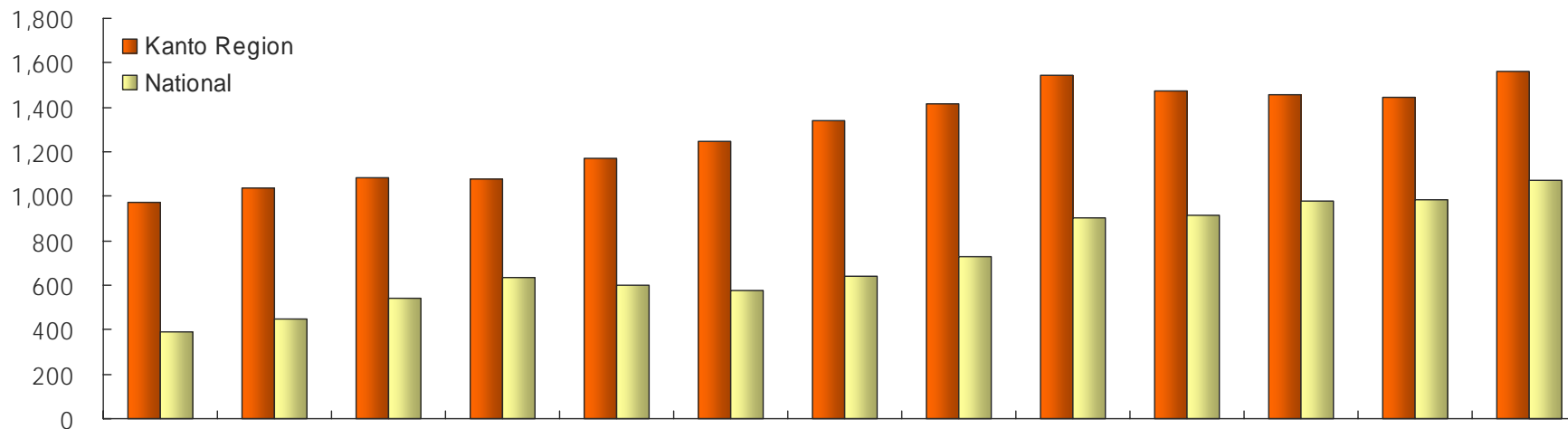
Quarterly Trends In Sales-by Customer Segment and Region

Sales by Customer Segment

【Unit: Million of yen】



Sales by Geographic Region



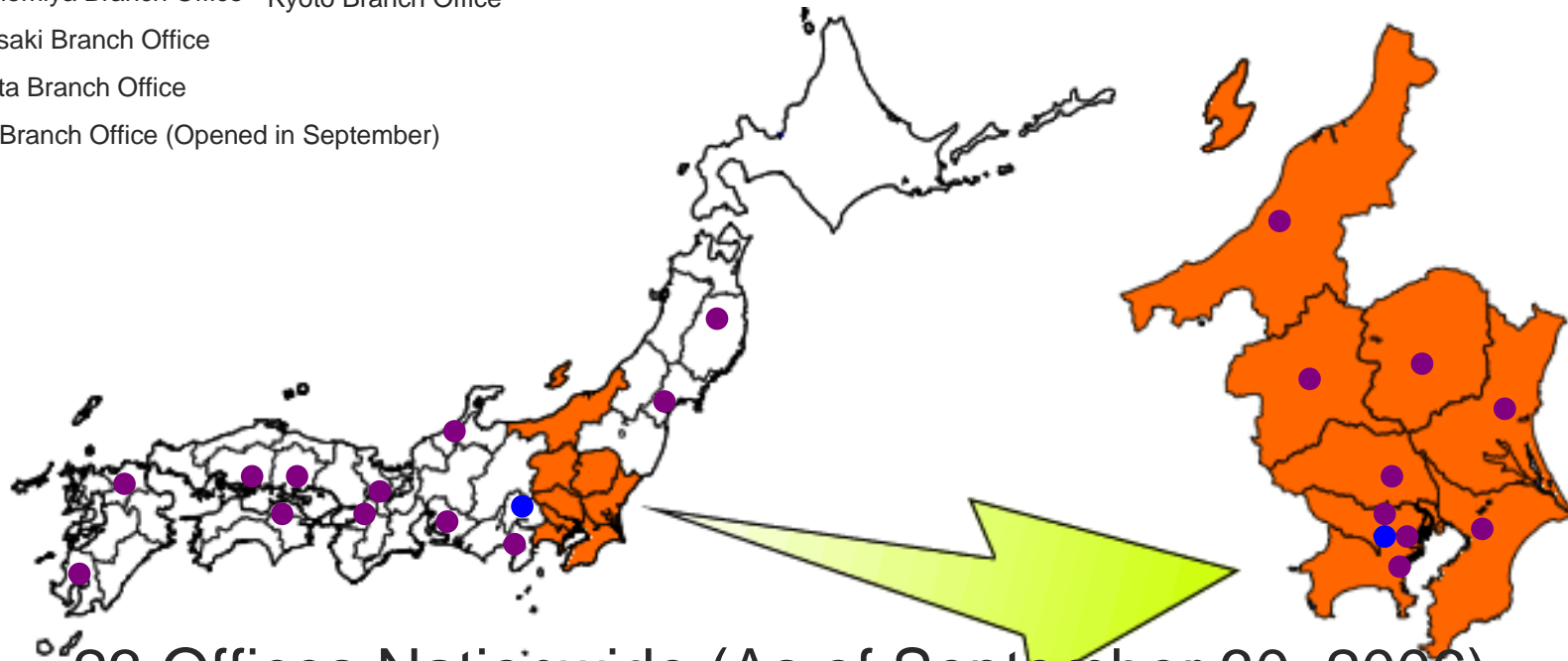
Office Locations

■ 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
- Kofu Branch Office (Opened in September)

■ 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



23 Offices Nationwide (As of September 30, 2006)

Consolidated Cash Flows

【Unit: Million of yen】	FY2006 3Q	FY2007 3Q	Y on Y	Changing Factors
Cash flows from operating activities	125	△20	-115.9%	Payment of corporate tax
Cash flows from investing activities	△72	△43	59.6%	Acquisition of fixed assets for strengthening of the core system, and intangible fixed assets
Cash flows from financing activities	△93	79	185.4%	Increase in short-term borrowing and payments for share buybacks
Cash and cash equivalents at the end of the period	1,038	1,243	19.7%	
Change in Cash and Cash Equivalents	△39	16		

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 3Q	FY2007 3Q	Y on Y
Net Sales	6,572	7,496	+14.1%
Backs Group	5,301	5,968	+12.6%
Giga Japan	789	784	-0.7%
Smart	539	821	+52.2%
Gross Profit	1,690	1,753	+3.7%
Backs Group	1,446	1,478	+2.2%
Giga Japan	188	165	-12.3%
Smart	88	149	+68.8%
Operating Income	462	265	-42.6%
Backs Group	369	174	-52.9%
Giga Japan	73	44	-39.0%
Smart	20	46	+125.6%

※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.

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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 was acquired from October 12, 2006 to October 26, 2006.
- (3) Costs total: ¥156,114,100



Forward-Looking Statements

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