

■Financial Highlights of FY2007 Earnings

Record Setting Earnings for FY2007

Net sales increase 12.4% year-on-year, operating income decrease 48.8%

The Backs Group consolidated earnings for FY2007 (from April 1, 2006, to March 31, 2007) have been finalized, and are summarized here. For details please refer to the Summary of Consolidated Earnings Report for the Interim Period of the Fiscal Year Ending March 31, 2007.

Financial Highlight

- For the FY2007, net sales grew 12.4% compared to the same period of the previous year, operating income decreased 48.8%, ordinary income decreased 49.8%, and net income decreased 51.7%.

Main Causes

- The mobile communications segment achieved a 21.7% sales increase compared to the previous fiscal period. This can be attributed to a recovery in the Kanto region after the company suffered harsh competition in the full-time employment market in the first half, and to steady success in attracting demand from communications carriers and retail stores nationwide throughout the year. On the other hand, the financial segment and the new customer business performed well in the first half of the year, but experienced a temporary decline in orders from existing *shinpan* customers that are reviewing their sales promotion strategies to ensure conformity with new regulations on gray-zone interest rates. Because our newly established sales specialist division was not able to launch full-scale operations in the second half of the year, sales in the financial segment were down 6.6% year-on-year and the new business segment was 6.8% lower than the same period in the previous year.
- In addition to a lack of orders for high-profit margin, large scale campaigns, the proportion of sales to lower profitability customers in the digital segment has increased, leading to a 23.2% reduction in gross profit.
- Despite working to restrain SG&A through operational efficiency, a failure to achieve desired sales led to a 20.0% year-on-year increase in the SG&A ratio.
- Consequently, operating profit, recurring profit and net profit declined for the term.

- The full year budget achievement rate was 95.7% for net sales, 65.2% for operating income, 63.8% for ordinary income, and 61.5% for net income and fell short of predictions

■Year-on-year change in earnings and progress toward forecast for the full fiscal year forecast

(Units : Millions of yen)

	FY2006	FY2007	Y on Y	FY2007 Forecasts for Full Fiscal year	Progress Ratio for Fiscal Year forecasts
Sales	8,963	10,072	+12.4%	10,525	95.7%
Gross profit on sales	2,283	2,338	+2.4%	2,557	91.4%
(Gross profit margin)	(25.5%)	(23.2%)	-2.3ppts	(24.3%)	—
(SG&A ratio)	(18.4%)	(20.0%)	+1.6ppts	(19.5%)	—
Operating income	637	326	-48.8%	500	65.2%

(Operating income margin)	(7.1%)	(3.2%)	−3.9ppts	(4.8%)	—
Ordinary Income	637	319	−49.8%	500	63.8%
Net Income	371	179	−51.7%	292	61.5%

■ Earnings estimates for the next fiscal year (March 2007)

(Units : Millions of yen)

	FY2007	FY2008 Forecasts	Y on Y
Net Sales	10,072	11,560	+14.7%
Gross profit on sales	2,338	2,921	+24.9%
(Gross profit margin)	(23.2%)	(25.3%)	+2.1ppts
(SG&A ratio)	(20.0%)	(23.3%)	+3.3ppts
Operating income	326	221	−32.1%
(Operating income margin)	(3.2%)	(1.9%)	−1.3ppts
Ordinary Income	319	221	−30.8%
Net Income	179	128	−28.6%

■ Quarterly result for the fiscal year to March 2007

(Units : Millions of yen)

Net Sales	1QT	2QT	3QT	4QT	Total
FY2005	1,624	1,712	1,770	1,826	6,933
FY2006	1,980	2,145	2,446	2,390	8,963
FY2007	2,435	2,430	2,631	2,576	10,072
Y on Y	+23.0%	+13.3%	+7.6%	+7.7%	+12.4%

(Units : Millions of yen)

Operating income	1QT	2QT	3QT	4QT	Total
FY2005	107	115	107	129	460
FY2006	142	127	192	175	637
FY2007	120	29	115	62	326
Y on Y	−15.9%	−77.2%	−40.1%	−64.5%	−48.8%

■ Results by segment

① By business segment

(Units : Millions of yen)

	Sales			Operating income		
	FY2006 earnings	FY2007 earning	Change	FY2006 earnings	FY2007 earnings	Change
Outsourcing Business	7,631	8,131	+6.5%	668	388	−41.9%

Temporary Staffing Business	1,331	1,940	+45.7%	94	94	+0.1%
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*1: The selling and general administrative expenses under business expenses are proportionally distributed and allocated according to the segment sales ratio of each company

②Sales by region

(Units : Millions of yen)

	FY2006 earnings	FY2007 earnings	Change
Kanto Region*1	5,777	5,934	+2.7%
National*2	3,186	4,138	+29.9%

*1: Includes Tokyo, Kanagawa, Saitama, Chiba, Ibaraki, Tochigi, Gunma and Niigata.

*2: Indicates all other regions not listed in note *1 above.

□Sales by customer industry

(Units : Millions of yen)

	FY2006 earnings	FY2007 earnings	Change
Mobile telecommunications*1	5,361	6,523	+21.7%
Digital consumer electronics*2	2,064	2,113	+2.4%
Financial services*3	1,186	1,108	-6.6%
New Sectors*4	351	327	-6.8%

*1: Indicates all mobile telecommunications customers, including carriers and agents.

*2: Indicates PCs, digital consumer electronic products (printer, digital cameras, security software) and broadband service providers (Broadband, optical fibers)

*3: Indicates the financial industry including banks and credit card companies.

*4: Indicates producers of general consumer goods, apparel, call centers, other than those indicated in *1, *2, *3

For details please refer to the Summary of Consolidated Earnings Report for Fiscal Year Ending March 31, 2007, page 4-5.

■Cash flows

For details please refer to the Summary of Consolidated Earnings Report for Fiscal Year Ending March 31, 2007., page 6 and Statements of Cash Flows, page 22-23

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■IR Inquiry

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