

■Financial Highlights of FY2008 1Q Earnings

FY2008 1Q Earnings

Net sales increase 11.3% year-on-year, operating income decrease 42.2%

The Backs Group consolidated earnings for the First Quarter of FY2008 (from April 1, 2007, to June 30, 2007) have been finalized, and are summarized here. For details please refer to the Summary of Consolidated Earnings Report for the First Quarter of the Fiscal Year Ending March 31, 2008.

Financial Highlight

- Results for the first quarter of the March 2008 term were an increase of 11.3% for sales, a decrease of 42.2% for operating income, a decrease of 43.7 % for ordinary income, and a decrease of 42.0% for net income, all figures compared to the corresponding period of the previous fiscal year.

[Causes]

- Despite sales in the financial segment dropping to below the previous year levels reflecting temporary decreases in demand, marked improvements in sales in the mobile telecommunications segment, which had been sluggish in the Kanto region during the previous term, and an impressive 44.0% year-on-year increase in national sales prompted overall sales for the first quarter to reach a record high.
 - ① In terms of sales by customer industry, owing to the strong demand at each of our offices nationwide, sales in the mobile telecommunications segment increased by 25.7% year-on-year. In the financial segment, however, the impact of the temporary decrease in demand due to the effects of the existing credit company customers revising their sales promotion strategies to conform to the new lending regulations reducing the maximum allowable interest rate caused sales to decrease by 29.1% year-on-year.
 - ② Although our offices mainly in the Kanto region suffered from a lack of major contracts from the digital consumer electronics segment, major growth in sales was recorded as a result of our offices in the Northern Kanto and the Niigata regions landing a number of major deals. On the national level demand was generally high and the mobile telecommunications segment, in particular, increased its sales dramatically. As a result of the above, sales from the Kanto region increased by 5.1% year-on-year, while nationally sales grew by 20.6% year-on-year.
- The gross profit margin increased by 2.0 percent points from the previous quarter (consolidated ratio of gross profit to sales: 24.7%) reflecting the effects of the measures taken from the previous term to make our registered staff fully operational and to thoroughly enforce cost management.
- Although increases in staff through the hiring of new recruits, initial costs arising from the opening of new offices and increased recruiting expenses to enforce hiring, and other factors caused the cost of sales and general administration ratio to increase by 2.4 percent points year-on-year (consolidated SG&A ratio: 22.1%), due to our efforts to cut back expenses and the thorough enforcement of cost management, the actual SG&A ratio fell short of the projections at the beginning of the year.
- The percentages of mid-term targets by the first quarter were 50.7% for sales, 50.4% for operating profit, 207.0% for recurring profit, and 201.3% for net profit, 206.9% for net income.

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

(Units : Millions of yen)

	FY2007 1Q earnings	FY2008 1Q earnings	Y on Y	FY2008 Interim budget	Progress Ratio for Interim forecasts
Sales	2,435	2,711	+11.3%	5,352	50.7%
Gross profit on sales	600	668	+11.3%	1,327	50.4%
(Gross profit margin)	(24.7%)	(24.7%)	±0ppts	(24.8%)	—
(SG&A ratio)	(19.7%)	(22.1%)	+2.4ppts	(24.2%)	—
Operating income	120	69	−42.2%	33	207.0%
(Operating income margin)	(4.9%)	(2.6%)	−2.3ppts	(0.6%)	—
Ordinary Income	119	67	−43.7%	33	201.3%
Net Income	69	40	−42.0%	19	206.9%

■Results by segment

①By business segment

(Units : Millions of yen)

	Sales			Operating income		
	FY2007 1Q earnings	FY2008 1Q earning	% Change	FY2007 Interim earnings	FY2008 Interim earnings	% Change
Outsourcing Business	1,976	2,035	+3.0%	134	92	−31.4%
Temporary Staffing Business	458	676	+47.4%	27	18	−31.9%

*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)

	FY2007 Interim earnings	FY2008 Interim earnings	% Change
Kanto Region*1	1,457	1,532	+5.1%
National*2	977	1,179	+20.6%

*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)

	FY2007 1Q earnings	FY2008 1Q earnings	% Change
Mobile telecommunications*1	1,431	1,799	+25.7%
Digital consumer electronics*2	541	556	+2.7%
Financial services*3	358	254	-29.1%
New Sectors*4	103	101	-1.5%

*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 the First Quarter of Fiscal Year Ending March 31, 2008, page3-4.

■ Cash flows

For details please refer to the Summary of Consolidated Earnings Report for the First Quarter of Fiscal Year Ending March 31, 2008., page4-5 and Statements of Cash Flows page10.

(Reference)

■ Outlook for the current term (FY 2008)

(Units : Millions of yen)

	FY2007 earnings	FY2008 Full fiscal year forecasts	% Change
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%)	(23.4%)	+3.4ppts
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%

【Disclaimer】

This document contains forward looking statements with respect to, current management plans, strategies and beliefs that are not historical facts. All such forward looking statements were based on management's assumptions, projections and beliefs in light of the information currently available. There are a number of risks and uncertainties that could cause actual results to differ materially from those discussed in this document. This document is intended solely to provide information, and is not a solicitation to buy or sell securities. Backs Group assumes no liability whatsoever for any damages that may result from the use of information presented in this document.

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