

■Financial Highlights of FY2008 Interim Earnings

FY2008 Interim Earnings

Net sales increase 13.9% year-on-year, operating income increase 12.9%

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

Financial Highlight

- For the interim period ending September 2007, net sales grew 13.9% compared to the same period of the previous year, operating income increased 12.9%, ordinary income increased 11.3%, and net income increased 7.2%.

[Causes]

- In terms of sales, as the large-scale contracts, which were secured through the nationwide campaign to strengthen package contracts led by the headquarters sales promotion structure during the latter half of the previous year, became fully operative and due to our successful efforts in capturing nationwide demand in the mobile communications and digital consumer electronics fields, net sales for this consolidated interim fiscal year reached an all-time high.
- In the mobile telecommunications segment, due to our successful efforts to capture demand throughout Japan by the telecommunications carriers and sales agents and to the increased service of our full-time staff, sales increased by 21.4% compared to the same period in the previous fiscal year.
- In the digital consumer electronics segment, thanks to the continuous sales activities by each office in an effort to cultivate demand with our existing clients, as well as the fact that large contracts secured through operations to secure new clients by dedicated sales divisions, became fully operational, sales increased by 14.4% compared to the same period in the previous fiscal year.
- In the financial segment, despite our continuous activities aimed at receiving orders from our prime customers, effects of the credit card company clients undertaking revisions of their sales promotion policies in conjunction with the enactment of the new lending regulations reducing the allowable maximum interest rate, diminished demand. Consequently, sales decreased by 30.4% compared to the previous fiscal year.
- In the new businesses segment, large-scale campaigns that were acquired in the corresponding period of the previous have become fully operative, and the light work business, which started this term, has contributed to the cultivation of new clients, namely in retail and events. Consequently sales increased by 43.6% compared to the previous fiscal year.
- In terms of gross profit, a higher proportion of lucrative large-scale contracts in the digital consumer electronics and the new business fields, as well as successful measures to enhance our registered staff utilization rate resulted in a year-on-year increase of 1.0 point (24.6%).
- In terms of selling, general and administrative expenses, a 1.0 point year-on-year increase was recorded (21.5%), reflecting the increase in staff mainly from the stepped-up hiring of new recruits and initial costs arising from the opening of new offices.

As a result, we were able to record year-on-year increases in operating income, ordinary income and net income.

- The interim budget achievement rate was 101.3% for net sales, 174.0% for operating income, 174.3% for ordinary income and 159.7% for net income.

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

(Units : Millions of yen)

	FY2007 Interim earnings	FY2008 Interim earnings	Y on Y	FY2008 Interim budget	Progress Ratio for Interim forecasts
Sales	4,865	5,539	+13.9%	5,471	101.3%
Gross profit on sales	1,147	1,362	+18.7%	—	—
(Gross profit margin)	(23.6%)	(24.6%)	+1.0ppts	—	—
(SG&A ratio)	(20.5%)	(21.5%)	+1.0ppts	—	—
Operating income	149	168	+12.9%	97	174.0%
(Operating income margin)	(3.1%)	(3.1%)	±0.0ppts	(1.8%)	+1.3ppts
Ordinary Income	148	165	+11.3%	95	174.3%
Net Income	86	92	+7.2%	57	159.7%

* The “FY 2008 Interim Forecast” is based on the figures projected in the “Notice of Changes to Forecast of Interim (Consolidated and Non-consolidated) Results for Fiscal Year ending in March 2008,” dated August 16, 2007.

■Results by segment

①By business segment

(Units : Millions of yen)

	Sales			Operating income		
	FY2007 Interim earnings	FY2008 Interim earning	% Change	FY2007 Interim earnings	FY2008 Interim earnings	% Change
Outsourcing Business	3,994	4,131	+3.4%	190	214	+12.5%
Temporary Staffing Business	871	1,408	+61.6%	40	43	+7.2%

*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	2,905	3,114	+7.2%
National*2	1,960	2,425	+23.7%

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

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

③Sales by customer industry

(Units : Millions of yen)

	FY2007 Interim earnings	FY2008 Interim earnings	% Change
Mobile telecommunications*1	2,991	3,632	+21.4%
Digital consumer electronics*2	1,038	1,187	+14.4%
Financial services*3	650	452	-30.4%
New Sectors*4	186	267	+43.6%

*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 Interim of Fiscal Year Ending March 31, 2008, page4-6.

■Cash flows

For details please refer to the Summary of Consolidated Earnings Report for the Interim of Fiscal Year Ending March 31, 2008, page7-8 and Statements of Cash Flows page20.

【Disclaimer】

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■IR Inquiry

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