



Summary of Consolidated Earnings Report for the Interim Period of the Fiscal Year Ending March 31, 2008

Company Name: Backs Group Inc. (URL: <http://www.backs.co.jp/>)
Code Number: 4306
Stock Listings: JASDAQ
Head Office: 1-19-19 Ebisu, Shibuya-ku, Tokyo
Representative: Tsutomu Okada (President)
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Board of Director's meeting: November 1, 2007
Use of U.S. accounting standards: No

1. Consolidated Results for the Interim period of March FY2008 (April 1, 2007 - Sept 30, 2007)

(1) Business Results (Millions of yen, rounded down; %)

	Net Sales		Operating Income		Ordinary Income		Net In come	
		%		%		%		%
FY2008 Interim	5,539	13.9	168	12.9	165	11.3	92	7.2
FY2007 Interim	4,865	17.9	149	△44.5	148	△44.8	86	△44.1
(Reference) FY2007 Full year	10,072		326		319		179	

	Net Income per Share (yen)		Net Income per Share (Diluted) (yen)	
FY2008 Interim	671	46	671	10
FY2007 Interim	608	19	605	89
(Reference) FY2007 Full year	1,278	61	1,276	38

(2) Changes in the Company's Financial Condition (Millions of yen, rounded down; except as indicated)

	Total Assets	Shareholders' Equity	Equity Ratio	Shareholders' equity per share
	(¥mn)	(¥mn)	%	(yen)
FY2008 Interim	2,707	1,535	56.7	11,452 02
FY2007 Interim	2,709	1,726	63.7	12,163 86
(Reference) FY2007 Full year	3,066	1,664	54.3	11,975 26

Reference: Equity capital FY2007 Interim 1,534 million FY2006 Interim 1,726million FY2007 1,664million

(3) Consolidated Cash Flows (Millions of yen, rounded down; except as indicated)

	Cash flow from Operating Activities	Cash flow from Investing Activities	Cash flow from Financing Activities	Cash and Cash Equivalents, end of period
	(¥mn)	(¥mn)	(¥mn)	(¥mn)
FY2008 Interim	73	△80	△516	950
FY2007 Interim	58	△30	△62	1,191
(Reference) FY2007 Full Year	247	△78	79	1,474

2. Dividends

(Record Date)	Dividend per share				
	As of the first quarter period	As of end of midterm period	As of the third period	End of fiscal year	Full year
FY2007	yen —	yen —	yen —	yen 950	yen 950
FY2008	—	—	—	—	—
FY2008(Forecasts)	—	—	—	250	250

3. Forecasts for Fiscal Year 2008 (April 1, 2007 – March 31, 2008)

(Unit: Millions of yen, %)

	Net Sale		Operating Income		Ordinary Income		Net Income		Net Income per Share	
Full year	11,740	16.6	350	7.3	350	9.5	200	11.3	1,452	71

4. Others

- (1) Changes in important subsidiaries during the fiscal year (Changes to designated companies that fall within the amended scope of consolidation) None
- (2) Changes in the accounting principles, procedures and presentation methods, etc., regarding the preparation of the interim consolidated financial statements (Changes in the significant matters that are the basis of preparation of the interim consolidated financial statements)
- ① Changes in accounting principles: None
- ② Changes other than ① above: None

(3) Number of Share outstanding (Common stock)

- ① Number of Shares outstanding at the end of fiscal year (Included treasury stock)

FY 2007 Interim 148,515 shares FY 2006 Interim 148,515 shares FY2007 148,515

- ② Number of shares outstanding at the end of the fiscal year FY 2007 Interim 14,541 shares

FY 2006 Interim 6,560 shares FY2007 9,560 shares

(Note) For the number of shares applied in the calculation of interim (current) (consolidated) net income per share, see page 28 "Per share information."

(Reference) Summary of non-consolidated results

1. Non-consolidated Results of Operations for the Interim Period ended in September 2007

(1) Non-consolidated business results

(Values in parentheses are rates of growth or decline compared to the previous year)

(Unit: Millions of yen, %)

	Net Sales		Operating Income		Ordinary Income		Interim Net In come	
FY2008 Interim	4,519	16.4	129	29.7	126	15.5	71	8.7
FY2007 Interim	3,882	18.0	99	△52.3	109	△50.3	65	△48.3
(Reference) FY2007 Full year	8,014	—	203	—	208	—	119	—

	Net Income per share (yen)	
FY2008 Interim	518	65
FY2007 Interim	463	35
(Reference) FY2007 Full year	850	42

(2) Non-consolidated financial position

(Unit: Millions of yen, %)

	Total Assets	Shareholders' Equity	Equity Ratio (%)	Shareholders' Equity per Share (yen)	
FY2008 Interim	2,175	1,211	55.7	9,037	68
FY2007 Interim	2,224	1,463	65.8	10,312	60
(Reference) FY2007 Full year	2,512	1,361	54.2	9,798	86

(Reference) Equity capital FY2007 Interim ¥1,210million FY2006 Interim ¥1,463million
FY2007 ¥1,361million

2. Non-consolidated results Forecasts for Fiscal Year 2008 (April 1,2007 – March 31 2008)
 (Values in parentheses are rates of growth or decline compared to the previous year, and for the period are percentages compared to the period of the previous fiscal year)

	Net Sales	Operating Income	Ordinary Income	Net Income	Shareholders' Equity per Share (yen)
Full year	9,590 19.7	260 27.5	260 24.9	150 25.5	1,089 53

※ Notes on the proper use of the forecasts, and other special instructions

Forecasts contained in this report are based on information available at the time of this announcement, and assume that unknown factors may affect future performance. Actual results may differ significantly due to a variety of factors.

Business Results

(1) Analysis of Operating Results

① Overview of the current interim consolidated fiscal year

Our nation's economy during the current interim consolidated fiscal year, has been performing strongly overall, as a result of improved corporate earnings and continued growth of capital investments, despite slowdowns in certain areas. In the employment situation also, there has been a growing sense of shortage of manpower in the human resources business, as the labor supply and demand improves spurred by the robust recruiting drive of the enterprises.

The mobile telecommunications industry, the principal market in which the Backs Group operates, achieved robust growth from 60.7% to 79.3% in the percentage of subscriptions for third-generation (3G) handsets. The number of mobile phone subscriptions was 98,870,000 in June 2007, 5.7 % more than in the corresponding period of the previous fiscal year.*1 Moreover with the entry of new mobile telecommunications operators into the market and the penetration of number portability, telecommunications carriers have been launching new products and services in succession, which, in turn, has been invariably intensifying the already heated competition for market shares and subscribers.

With regard to the digital consumer electronics industry, there has been an upward trend in the number of broadband subscribers with 31.58 million*2 users of Internet connection services as of the end of June 2007; demand for fiber-optic communications services has also increased by a substantial 53%, while a marked decreasing trend in digital subscriber's line services has been noted.

In the credit card industry, the number of cards issued as of the end of March 2006, rose 5.7% year-to-year to 289.05 million; by type of issuer, 122.25 cards were issued by banks, 83.9 million cards were issued by retailers, 57.43 million cards were issued by shinpan credit companies and 5.04 million cards were issued by gasoline retailers.*3 Despite the increases in card membership through partnerships with other types of businesses and issues through regional financial institutions, a portion of the credit card companies continue to review their sales promotion strategies following the enactment of the new lending regulations that went into effect in December 2006, which reduced the maximum allowable interest rate.

Under these circumstances, we engaged in a number of measures aimed to strengthen our medium-term sales and revenue bases, including the reinforcement of our sales structure over a wide-ranging area through our expanded network, the launching of new businesses such as the light-work and the personnel placement businesses.

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 fiscal 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 terms of profits, a higher proportion of lucrative large-scale contracts in the digital consumer electronics and other consumer fields and successful measures to enhance our registered staff utilization rate resulted in a 1.0 point year-on-year increase in our gross profit margin. In terms of selling, general and administrative expenses, a 1.0 point year-on-year increase was recorded, reflecting the increase in staff mainly from the stepped-up hiring of new recruits and initial costs arising from the opening of new offices. However as a result of improved sales and gross profit margin we were able to record year-on-year increases in both operating income and ordinary income.

As a result of these efforts, consolidated net sales for the interim period of fiscal year 2007 were ¥5,539 million (up 13.9% from the previous fiscal year). Ordinary income was ¥165 million (up 11.9%), and net income was ¥92 million (up 7.2%).

Notes:

*1 Source: Calculations based on Telecommunications Business Association report "Numbers of Mobile Phone/IP Connection Services/PHS/Wireless Call Contracts."

*2 Source: Calculations based on Ministry of Internal Affairs and Communications' report "Trends in Numbers of Users of Internet Connection Services, etc (as at December 2006)" (latest data June 3, 2007).

*3 Source: Calculated based on the Japan Consumer Credit Industry Association, "Numbers of Credit cards Issued by Sector (Actual results)"

② Results by Major Segment

By business segment

(a) Outsourcing

However, as large contracts in the consumer electric segment became fully operative and demand continued to grow throughout Japan in the mobile telecommunications segment, sales in this segment increased steadily. As far as profits are concerned, the gross profit margin improved as the effects from measures to make our registered staff fully operational became evident, which ultimately resulted in, net sales reached 4,131 million yen during the current interim period (an increase of 3.4 % compared to the corresponding period of the previous fiscal year) and operating income declined to 214million yen (an increase of 12.5% compared to the corresponding period of the previous fiscal year).

(b) Temporary staffing

In our temporary staffing business, the steady dispatch of staff to mobile communications carrier retail stores and strong performances in the digital and new business segments owing to our ability to capture new demand. Consequently net sales totaled 1,408 million yen (an increase of 61.6% compared to the corresponding period of the previous fiscal year) and an operating income of 43million yen (an increase of 7.2% compared to the corresponding period of the previous fiscal year).

By region

(a)Kanto region*1

In the Kanto region, despite our offices in the Tokyo Metropolitan area suffering from intensified competition and decreased orders received from the finance sector, major growth in sales was recorded as a result of our offices in the Northern Kanto and the Niigata regions capturing new customers and receiving increased orders from existing customers. Consequently sales for the current interim consolidated fiscal year totaled 3,114 million yen (7.2% increase year on year).

(b) National*2

For the nation as a whole, sales increased steadily. In particular the mobile telecommunications segment and the new business segment, which was boosted by the receipt of large-scale orders contributed substantially to this growth. Consequently, sales for the current interim consolidated fiscal year totaled 2,425 million yen (23.7% increase year on year).

By customer industry

(a)Mobile telecommunications*3

In the mobile telecommunications segment, due to increased service of our full-time staff and our successful efforts to capture demand throughout Japan by the telecommunications carriers and sales agents. Consequently sales for the current interim consolidated fiscal year totaled 3,632 million yen (21.4% increase year on year).

(b) Digital consumer electronics*4

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, become fully operational, Consequently sales for the current interim consolidated fiscal year totaled 1,187 million yen (14.4% increase year on year).

(c)Financial services*⁵

In the financial segment, despite our continuous activities aimed at receiving orders from our superior 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 for the current interim consolidated fiscal year totaled 452 million yen (30.4% decrease year on year).

(d) New Sectors*⁶

In the other consumer products manufacturers' 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 for the current interim consolidated fiscal year totaled 267 million yen (43.6% increase year on year).

Notes:

- *1: Includes Tokyo, Kanagawa, Saitama, Chiba, Ibaraki, Tochigi, Gunma and Niigata.
- *2: Indicates all other regions not listed in note (1) above.
- *3: Indicates all mobile telecommunications customers, including carriers and agents.
- *4: Indicates manufacturers of personal computers and digital consumer electronics (printers, digital cameras, security software, etc.), as well as broadband service (ADSL, optical fiber) providers.
- *5: Indicates the financial industry such as banks and credit-card firms
- *6: Indicates consumer products manufacturers, apparel companies, and call centers excluding^{3, 4, 5}, above.

③Outlook for the current term

As for the outlook for the current term, we anticipate that in our company's main market of mobile communications, injection of new products and new services by telecommunications carriers to the end of increasing their market share will continue in the post-number portability era and that demand will remain robust. In the digital electronics industry, demand for highly skilled sales staff is expected to become even stronger, as products become increasingly sophisticated, as seen in the high-speed broadband products and products slated for full-scale digitalization such as flat-screen TVs, digital video-cameras and printers, etc.

Under such a market environment, we will bolster sales by continuing to implement measures including the reinforcement of our sales structure over a wide-ranging area through our expanded network and the stepped-up recruitment of staff. We are also focusing on gaining greater market share and winning new clients and campaigns. Moreover, beginning from this term, we are commencing initiatives in our two new businesses of personnel placement and light-work, in addition to personnel placement for the entertainment industry through our subsidiary established in July, and Internet employment information services, thereby cultivating new clients and reinforcing our ability to effectively assign employees and further reinforcing our sales and revenue base.

Also, in line with our aim to further improve the quality of our sales support for products requiring explanations, sales promotion expertise and "one-stop" administration system for B to C businesses, an area of strength for the Backs Group, we intend to commence operations of the Group's proprietary mobile phone shops in October as OJT

centers and reinforce our training system to the end of improving the quality of our staff. We will also continue to implement measures to solidify our company foundations by investing in our in-house staff and strengthening our management structure and engage in business management that aims to improve our earnings capability over the medium term.

Based on these factors, our forecasts for the term ending in March 2008, as announced in the “Notice of Changes to Forecast of Interim (Consolidated and Non-consolidated) and Annual (Consolidated and Non-consolidated) Results for Fiscal Year ending in March 2008,” dated October 25, 2007, are for consolidated net sales of 11,740 million yen (up 16.6% from the previous year), consolidated ordinary income of 350 million yen (up 9.5% from the previous year), and consolidated net income totaling 200 million yen (up 11.3% from the previous year).

(2) Analysis of Financial Condition

① Assets, liabilities, and capital

Total assets as of the end of the current interim consolidated fiscal year were 2,707 million yen, representing a 358 million yen decrease from the end of the previous consolidated fiscal year, which was due mainly to the 524 million yen decrease in cash and deposits from the repayment of short-term loans and the payment of dividends.

Liabilities decreased 229 million yen compared to the end of the previous consolidated fiscal year to 1,172 million yen, which was due mainly to the 300 million yen decrease in short-term debt.

Shareholders' equity decreased 128 million yen compared to end of the previous consolidated fiscal year to 1,535 million yen, which was due mainly to the acquisition of treasury stock.

② Statement of Cash Flows

At the end of the fiscal year, the balance of cash and cash equivalents (hereafter, “cash”) was ¥950 million on a consolidated basis (down 35.5% from the previous fiscal year-end). This was due mainly to the 300 million yen repayment of short-term borrowings and the payment of 125 million yen in dividends.

Cash flow by operating activities

Cash flow provided by operating activities during the current interim consolidated fiscal year was ¥73 million (increase of 25.6% compared to the previous interim consolidated fiscal year). This was due mainly to the 82 million yen increase in accounts receivable and the 32 million yen decrease in accounts payable.

Cash flow by investing activities

Cash flow used in investing activities during the current interim consolidated fiscal year was ¥80 million (increase of 163.1% compared to the previous interim consolidated fiscal year). This was due mainly to the expenditures of 36 million yen for the start-up of the Internet employment information services and 27 million yen for the payment of deposit and guarantee money.

Cash flow by financing activities

Cash used in financing activities during the current interim consolidated fiscal year was ¥516 million (increase of 721.7% compared to the previous interim consolidated fiscal year). This was due mainly to the 300 million yen repayment of short-term borrowings and the payment of 125 million yen in dividends.

③ Trends in Cash Flow-related Indicators

	FY2005	FY2006	FY2007	FY2007 Interim
Equity ratio (%)	61.7	60.3	54.3	56.7
Equity ratio (market value basis) (%)	504.4	1,056.5	165.4	90.9
Debt redemption years	0.1	—	1.2	—
Interest coverage ratio (times)	391.3	1,563.4	206.8	32.0

Equity ratio = Shareholders' equity / total assets

Equity ratio (market value basis) = Aggregate market value of stock / total assets

Debt redemptions years: Interest bearing debt/Operating cash flow

(Operating cash flow is calculated on an annual basis, so interim debt redemption is presented as double the year-end amount)

Interest coverage ratio = Operating cash flow / interest expense

*All indices are calculated on a consolidated basis

*Aggregate market value of stock = Year-end market price x number of shares issued as of year-end (after deducting treasury stock)

*Calculations of operating cash flow and interest expense use amounts in "cash flow by operating activities" and "interest payments" in the consolidated (interim consolidated) cash flow statements.

(3) Basic policy on the distribution of profits and dividends for the current term

Recognizing that returning profit to its shareholders is one of its major management tasks at hand, the Group will uphold the basic policy of sustained payment of stable dividends, while maintaining sufficient internal reserves for the improvement of its finances and for the promotion of corporate growth, mainly in the form of investments into new businesses and capital expenditure. As for shareholder dividends, the Company's policy has been to decide on the amount of dividends by taking into consideration the Company's performance and to maintain a payout ratio of more than 25% based on the consolidated net income.

In view of the above policy, the Company intends to issue a full year dividend of 250 yen per share for the current term.

(4) Business risks and uncertainties

Risks inherent in the business activities and other aspects of the Group that may significantly affect the judgment of the investors include those described below. Please be advised that forward looking statements included below have been deemed to be true by the Group at the time of announcement of the Kessan Tanshin Financial Report (November 1, 2007).

On the management of personal information

As the Group is faced with numerous opportunities to come in contact with personal information including staff information and consumer information, we practice ample management in regards to its handling. We are making efforts to provide adequate education and training to operational staff that come into contact with personal information and we are also striving to emphasize its importance in the communication that takes places in everyday operations between staff and the administrative managers.

Moreover in order to establish and operate an appropriate management structure, the Group has acquired certification in the domestic standards JISQ27001:2006 and in the international standards ISO/IEC27001:2005 of the Information Security Management Systems (ISMS) in March 2007. As a result, we are now able to maintain

an environment that allows for the appropriate use of internal administrative structures, including the in-house network and mainframe systems, while maintaining and sustaining high levels of security.

However, despite these efforts by the Group, in the event that leaks and abuse of personal information occur, business relationships with our clients may deteriorate as a result of loss in the Group's trust and the Group may be sued for damages resulting from the leak of personal information, which, in turn, may materially affect the performance of the Group.

②Dependency on particular client industries

The Group's strength lays in the sales of "explanation-type products" and in particular sales to mobile telecommunications companies and their primary agents account for a major portion of total sales. For the current interim consolidated fiscal year the ratio of sales to the particular industry to total sales account for 65.6 % as seen in the table below. Consequently the Company, aware that dependency on particular client industry will not lead to stable and sustained demand, is that we will continue our efforts to capture new digital and financial clients as well as cultivating new segments.

However changes may occur in the business environment, such as corporate reorganization/reduced sales activities in the mobile telecommunications industry, to which the Group is incapable of adopting, materially affecting the performance of the Group.

(Transitions in sales component percentages) (Unit : %)

	FY 2005		FY 2006		FY 2007 Interim period
	Interim period	End of term	Interim period	End of term	
Mobile	61.5	59.8	61.5	65.1	65.6
Non-mobile	38.5	40.2	38.5	34.9	34.4

Increased sales component percentages to a particular client

The Group's sales to KDDI Corporation during the current consolidated fiscal year accounted for 32.5% of total sales. The reason for the high percentage of sales to this particular client lays mainly in the fact that the contents for the orders received from this particular client overlaps both mobile sales (au) and digital sales (1au one net) and that nation-wide sales from national bulk orders have increased. Although the risk borne by the Group is deemed to be low, there is a possibility that the Group may be materially affected by the performance of this client.

(Unit: thousands of yen)

	FY2006			FY2007			FY2007 Interim		
	Sales	Sales component percentage (%)	Composition ratio (%)	Sales	Sales component percentage (%)	Composition ratio (%)	Sales	Sales component percentage (%)	Composition ratio (%)
Consolidated	8,963,331	100.0		10,072,787	100.0		5,539,919	100.0	
K D D I	2,578,900	28.8	(100.0)	3,226,367	32.0	(100.0)	1,799,899	32.5	(100.0)
(Mobile)	2,284,252	25.5	(88.6)	3,018,681	30.0	(93.6)	1,680,057	30.3	(93.3)
(Digital)	294,647	3.3	(11.4)	207,686	2.0	(6.4)	119,841	2.2	(6.7)
(Kanto Region)	1,420,895	15.9	(55.1)	1,485,734	14.7	(46.0)	784,868	14.2	(43.6)

(National)	1,158,005	12.9	(44.9)	1,740,633	17.3	(54.0)	1,015,030	18.3	(56.4)
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Social insurance coverage

According to the provisions of the Health Insurance Act and the law on employee pension insurance in offices in which the social insurance system is applied, permanent employees are required to join the social insurance plan. At our firm, we recommend that staff members who are currently being deployed to outsourcing customers be actively employed on a full-time basis, and at the same time we recommend they sign up for social insurance. Also, when a contract period exceeds two months in our placement business, we enroll all qualified staff in the social insurance scheme.

However, there is a possibility that the number of the Backs Group personnel who will join the social insurance scheme would increase if the National Diet decides to expand the guidelines requiring employees to participate in a social insurance plan to include short term blue-collar laborers. If the social insurance fees increase, there will also be an effect on the allocation of expenses in our company as an employer, and this could have an impact on the Backs Group's results.

Securing staff

Staffs with high communications skills are indispensable to the Group's main business of selling mobile and digital "explanation-type products." Consequently the Group upholds the policy of seeking those who are not only experienced in the "paper medium" but those who are "mobile-" and "digitally-oriented" and are capable of handling the main products. And to this end, the Group will formulate a WEB-based hiring strategy, while effectively using the Group's own job information site "digibite@.com," "appajob.com" and the temporary job information site "MYHaken." Moreover beginning from the current term, we have commenced a temporary staffing and personnel placement operations for sales channels. And by expanding our customer base in this way, we hope to build a structure that provides diverse operations and employment styles to a wide age group, thereby enhancing the percentage of successful matches between employment and personnel.

Moreover we intend expand our customer base and build a structure that provides diverse operations and employment styles to a wide age group through our temporary staffing and personnel placement operations for sales channels, thereby enhancing the percentage of successful matches between employment and personnel.

However in cases where, due to drastic rise in demands and lopsided supply, staff satisfying the clients' needs cannot be adequately secured, there is the possibility that the Group's growth strategy will be materially affected.

On laws and regulations

The Labor Standards Law, the Law for Worker Dispatching Undertaking, the Workers' Accident Compensation Insurance Law, the National Health Insurance Act, the Employee's Pension Insurance Act and other related laws may be revised or its interpretation altered according to the changes in the social climate surrounding the labor market. In such cases there is the possibility that the Group's performance will be materially affected.

On business approvals and licenses

The Group has obtained licenses from the Minister of Health, Labor & Welfare to engage in general dispatching undertakings and in fee-charging employment services.

The Law for Worker Dispatching Undertakings stipulates that in the general dispatching undertakings, once the employer falls under any of the disqualification provisions or violates any provision of the law, the license

may be revoked or the undertaking ordered to be suspended. In the Employment Security Law also, there are stipulations to the effect that operators of fee-charging employment services may be disqualified or ordered suspension in a similar way.

Although the Group, by implementing employee training and monitoring in the compliance divisions, is making every effort to prevent law violations, in the event of a significant law violation by the Group or by its employee, licenses may be revoked or operations subject to suspension causing the Group to become incapable of continuing its employee placement business, which, in turn, could materially affect the performance of the Group.

Backs Group Inc. Group Information

The Backs Group Inc., a group of enterprises consisting of the Backs Group Inc and its three subsidiaries, is engaged mainly in the business of outsourcing and personnel placement in retail support and sales promotion activities for BtoC (Business to Consumer) companies, including digital consumer electronics manufacturers, mobile phone companies, consumer products companies dealing in liquor and beverages, etc., and financial services companies.

In terms of the product categories, the group has exhibited its strength in the retailing of “explanation-type products,” which include “advanced and multiple function products” such as mobile phones, PCs, and printers, “trial-based products” such as beverages and everyday items, and “contract-based products” such as broadband and financial services.

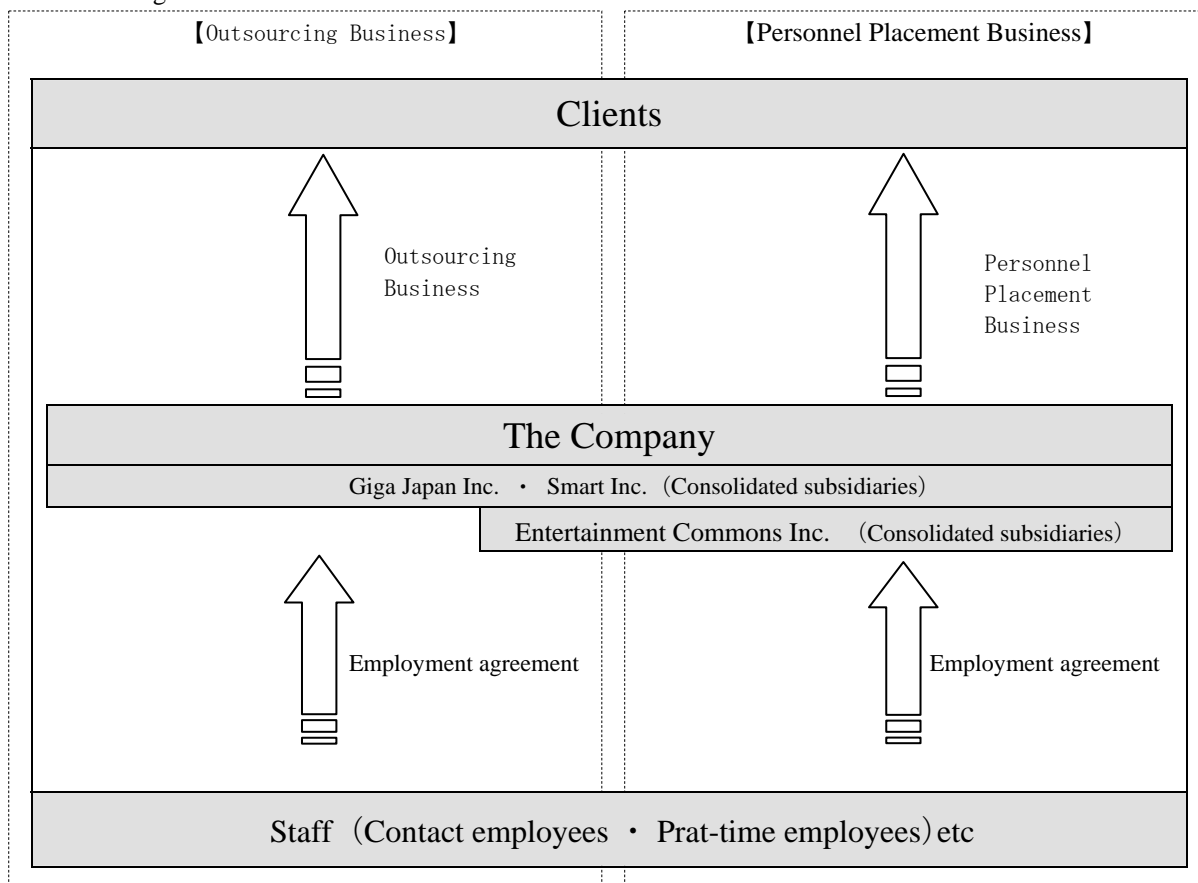
While the Company and Giga Japan Inc., having been commissioned by industry clients to perform their sales promotion activities and by home appliances discount stores/GMSs (General Merchandising Stores) to provide retail support in their sales channels, are mainly involved in the outsourcing business, they are also involved in the personnel placement business to the extent of answering to customer needs. Smart Inc., on the other hand, specializes in offering personnel placement services to the client companies of the enterprise group, centering mainly on placing staff and sales personnel at the exclusive sales shops, such as the DoCoMo Shops, but will also provide outsourcing services if asked by the client.

Entertainment Commons, which was established in July 2007, will specialize in personnel placement in the entertainment industry and commence operations from the latter half of the current consolidated fiscal year.

Although Entertainment Commons has already commenced its fee-charging personnel placement services and the WEB-based employment information service business from this term, it will not be classified separately in the segment information, as its impact on sales/profits is minimal.

Company name	Address	Capitalization (Thousand of yen)	Business segments	Percentage of voting rights(%)	Content
Giga Japan Inc.	Shibuya-ku Tokyo	20,000	•Outsourcing Business •Personnel Placement Business	100.0	•Managerial Guidance •Undertaking of back-office services •2 concurrent directors
Smart Inc.	Shibuya-ku Tokyo	15,000	•Outsourcing Business •Personnel Placement Business	100.0	•Managerial Guidance •Undertaking of back-office services •2 concurrent directors
Entertainment Commons Inc.	Shibuya-ku Tokyo	10,000	•Personnel Placement Business	100.0	2 concurrent directors

Business diagram



(Note) The Company holds 100% of voting rights in all three of its subsidiaries.

Entertainment Commons Inc. was newly established in July 25 2007.

Management Policy

- (1) Basic management policy
- (2) Targeted Management Indices
- (3) Medium- and Long-term Management Strategies
- (4) Essential Tasks at Hand

Disclosure on the above items has been omitted as there have been no significant changes in the contents of the Summary of the Consolidated Earnings Report for the Fiscal Year Ending March 31, 2007 (announced on May 10, 2007).

The above-mentioned Earnings Report may be viewed from the following URL:

(The Backs Group website)

<http://www.backs.co.jp/ir/library/tansin.html>

(The Jsdq Securities Exchange website (“JDS” page))

<http://jds.jasdaq.co.jp/tekiji/>

Consolidated Balance sheet and Income statement

1. Consolidated Balance Sheet

(Unit : Thousands of yen)

	anno tate	End of the previous interim consolidated FY2007 (As of Sep 30,2006)		End of the current interim consolidated FY2008 (As of Sep 30 2007)		Y on Y	Summary of Consolidated Statements of Operations for the previous Consolidated fiscal year (As of Mar 31 2007)			
		Amount		Ratio (%)	Amount		Ratio (%)	Y on Y	Amount	
Assets										
I Current Assets										
1. Cash and cash equivalents			1,191,357		950,739				1,474,758	
2. Notes and accounts receivable	※2		1,095,698		1,230,322				1,147,457	
3. Deferred tax assets			28,594		40,613				32,476	
4. Others			58,450		69,218				46,482	
Allowance for doubtful accounts			△1,336		△2,336				△1,373	
Total currents assets			2,372,764	87.6	2,288,557	84.5	△84,207		2,699,801	88.0
II Fixed Assets										
1. Property and equipment	※1									
(1) Buildings and structures			37,397		36,961				33,298	
(2) Intangible fixed assets			32,684	70,082	32,044	69,005			30,652	63,950
2. Intangible fixed assets										
(1) Software			68,224		89,781				72,115	
(2) Others			3,238	71,463	5,880	95,662			3,238	75,353
3. Investments and other assets										
(1) Deposit and guarantees			30,000		60,000				60,000	
(2) Deposits and guarantees			164,943		193,777				166,600	
(3) Diferred tax assets			—		—				573	
(4) Others			177	195,120	667	254,445			—	227,173
Total fixed assets			336,665	12.4	419,113	15.5	82,447		366,477	12.0
TOTAL ASSETS			2,709,430	100.0	2,707,670	100.0	△1,760		3,066,279	100.0

(Unit: Thousands of yen)

	anno tate	End of the previous interim consolidated FY2007 (As of Sep 30,2006)		End of the current interim consolidated FY2008 (As of Sep 30 2007)		Y on Y	Summary of Consolidated Statements of Operations for the previous Consolidated fiscal year (As of Mar 31 2007)		
		Amount	Ratio (%)	Amount	Ratio (%)		Y on Y	Amount	Ratio (%)
LIABIRITIES									
I Current Liabilities									
1. Notes and accounts payable, trade		35,803		54,226			21,733		
2. Shor-term debt		—		—			300,000		
3. Accrved payable		76,450		95,703			28,230		
4. Income taxes payable		75,150		92,473			97,247		
5. Accrued expenses		559,379		647,708			678,786		
6. Provision for bonuses		38,315		61,768			47,491		
7. Others		197,610		220,509			228,768		
TOTAL CURRENT LIABIRITIES		982,710	36.3	1,172,389	43.3	189,679	1,402,257	45.7	
TOTAL LIABIRITIES		982,710	36.3	1,172,389	43.3	189,679	1,402,257	45.7	
SHAREHOLDERS' EQUITY									
I Shareholder's equity									
1. Capitalization		406,970	15.0	406,970	15.0	—	406,970	13.3	
2. Capital surplus		432,958	16.0	432,958	16.0	—	432,958	14.1	
3. Retained earnings		928,961	34.3	982,814	36.3	53,853	1,022,379	33.4	
4. Treasury stock		△42,169	△1.6	△288,470	△10.6	△246,301	△198,286	△6.5	
TOTAL LIABIRITIES AND SHAREHOLDERS' EQUITY		1,726,720	63.7	1,534,272	56.7	△192,447	1,664,021	54.3	
II Stock acquisition rights		—	—	1,007	0.0	1,007	—	—	
TOTAL NET ASEETS LIABIRITIES AND NET ASSETS		1,726,720	63.7	1,535,280	56.7	△191,439	1,664,021	54.3	
		2,709,430	100.0	2,707,670	100.0	△1,760	3,066,279	100.0	

2. Interim Consolidated Statement of Income

(Unit : Thousands of yen)

	anno tate	Interim of FY2006 (From Apr 1,2005 to Sep 30,2005)		Interim of FY2007 (From Apr 1,2006 to Sep 30,2006)		Y on Y	Interim of FY2006 (From Apr 1,2005 to Mar 31,2006)				
		Amount		Ratio (%)	Amount		Ratio (%)	Y on Y	Amount		Ratio (%)
I Net sales			4,865,931	100.0		5,539,919	100.0	673,988		10,072,787	100.0
II Cost of sales			3,718,230	76.4		4,177,726	75.4	459,495		7,734,576	76.8
Gross profit on sales			1,147,700	23.6		1,362,192	24.6	214,492		2,338,210	23.2
III Selling, general and administrative expenses	※1		997,987	20.5		1,193,203	21.5	195,215		2,011,993	20.0
Operating Income			149,712	3.1		168,988	3.1	19,276		326,216	3.2
IV Non-operating income											
1. Interest received		62			927				458		
2. Commissions receivable		126			267				250		
3. Gain on exemption from consumption tax		16			—				16		
4. Reversal of unpaid dividends		108			403				108		
5. Interest on refund of corporate tax		—			407				—		
6. Others		3	318	0.0	182	2,188	0.0	1,870	85	921	0.0
V Non-operating income											
1. Interest expense		115			1,699				1,776		
2. Stock buy-back costs		—			781				983		
3. Fee to establish a commitment line		842			1,836				2,099		
4. Claims expenses		—			815				2,480		
5. Others		99	1,057	0.0	201	5,334	0.1	4,277	91	7,431	0.0
Ordinary income			148,973	3.1		165,842	3.0	16,869		319,706	3.2
VI Extraordinary gains											
1. Reversal of allowance for bounces		—			4,796				—		
2 Gain on sales of investments in securities		72	72	0.0	—	4,796	0.1	4,724	72	72	0.0

VII Extrordinary losses											
1. Loss on sale of fixed assets	※2	815	815	0.1	4,565	4,565	0.1	3,749	1,127	1,127	0.0
(Current) interim net income before adjustment for taxes			148,229	3.0		166,074	3.0	17,844		318,651	3.2
Defferred income taxes		65,500			81,195				146,959		
Income tax adjustment		△3,491	62,008	1.2	△7,563	73,631	1.3	11,623	△7,946	139,012	1.4
Net Income			86,220	1.8		92,442	1.7	6,221		179,639	1.8

(3) Interim Consolidated statement of Changes in Shareholders' Equity

Previous Interim consolidated period (April 1, 2005 –September 30, 2006)

(Unit: Thousands yen of yen)

	Shareholders' equity					Total Net Assets
	Capital Stock	Total Capital Surplus	Retained Earnings	Treasury Stock	Total Shareholders' Equity	
Balance of March (thousands of yen)	395,240	421,219	931,290	△42,008	1,705,741	1,705,741
Changes during the first half of the fiscal 2007						
Capitalization Issue	11,730	11,730	—	—	23,460	23,460
Dividends(*1)	—	—	△88,549	—	△88,549	△88,549
Net Income	—	—	86,220	—	86,220	86,220
Treasury stock acquisition	—	—	—	△165	△165	△165
Treasury stock disposal	—	9	—	4	13	13
Total changes of the FY2006	11,730	11,739	△2,329	△161	20,979	20,979
Balance of September 30, 2006 (Thousands of yen)	406,970	432,958	928,961	△42,169	1,726,720	1,726,720

Note: (*1) These are items under plan for appropriation of earnings at the ordinary general meeting of shareholders held in June 2007.

Current consolidated interim period (April 1, 2006 – September 30, 2007)

(Unit: Thousands yen of yen)

	Shareholders' equity					Stock acquisition rights	Total Net Assets
	Capital Stock	Total Capital Surplus	Retained Earnings	Treasury Stock	Total Shareholders' Equity		
Balance of March (thousands of yen)	406,970	432,958	1,022,379	△198,286	1,664,021	—	1,664,021
Changes during the first half of the fiscal 2008							
Capitalization Issue	—	—	△132,007	—	△132,007	—	△132,007
Dividends(*1)	—	—	92,442	—	92,442	—	92,442
Net Income	—	—	—	△90,183	△90,183	—	△90,183
Treasury stock acquisition	—	—	—	—	—	1,007	1,007
Treasury stock disposal	—	—	△39,564	△90,183	△129,748	1,007	△128,740
Total changes of the FY2007	406,970	432,958	982,814	△288,470	1,534,272	1,007	1,535,280
Balance of September 30, 2007 (Thousands of yen)							

Previous consolidated period (April 1, 2005 – March 31,2006)

(Unit: Thousands yen of yen)

	Shareholders' equity					Total Net Assets
	Capital Stock	Total Capital Surplus	Retained Earnings	Treasury Stock	Total Shareholders' Equity	
Balance of March (thousands of yen)	395,240	421,219	931,290	△42,008	1,705,741	1,705,741
Changes during the first half of the fiscal 2007						
Capitalization Issue	11,730	11,730	—	—	23,460	23,460
Dividends(*1)	—	—	△88,549	—	△88,549	△88,549
Net Income	—	—	179,639	—	179,639	179,639
Treasury stock aquisition	—	—	—	△156,282	△156,282	△156,282
Treasury stock disposal	—	9	—	4	13	13
Total changes of the FY2007	11,730	11,739	91,089	△156,278	△41,719	△41,719
Balance of March 31, 2007 (Thousands of yen)	406,970	432,958	1,022,379	△198,286	1,664,021	1,664,021

Note: (*1) These are items under plan for appropriation of earnings at the ordinary general meeting of shareholders held in June 2007.

4 Interim Consolidated Statement of Cash Flows

(Unit : Thousands of yen)

		Interim of FY2006 (From Apr 1,2005 to Sep 30,2005)	Interim of FY2007 (From Apr 1,2006 to Sep 30,2006)	Y on Y	Summary of FY2007 cash flows (From Apr 1,2006 to Mar 31,2007)
	anno tate	Amount	Amount	Y on Y	Amount
I Cash flow					
operating activities					
Income before income		148,229	166,074		318,651
taxes and minority interests					
Depreciation and		22,048	23,331		46,864
amortization					
Changes in provision for		354	962		391
doubtful accounts(△					
=decrease)					
Changes in provision for		38,315	14,277		47,491
bountuses					
Interest and dividend		△63	△928		△459
income					
Interest expenses		115	1,699		1,776
Gain on interest of fixed		815	4,565		1,127
assets					
Change in accounts		116,079	△82,864		64,320
receivable					
(△=decrease)					
Changes in purchase		△10,208	32,493		△24,279
liabilities					
(△=decrease)					
Changes in consumption		△62,836	△4,774		△40,739
tax payable					
(△=decrease)					
Changes in accrued		△45,354	△30,496		73,471
expenses					
Change in trade liabilities		—	△21,083		38,644
Others		21,968	△25,014		31,378
Subtotal		229,463	78,241	△151,222	558,637
Interest and dividends		63	928		459
received					
Interest expenses paid		△115	△2,280		△1,195
Income taxes paid		△171,203	△3,805		△310,817
Net cash from operating		58,208	73,084	14,875	247,084
activities					

II	Net cash from operating				
	Payments for purchases of property and equipment	△16,926	△15,345		△22,781
	Payments for purchases of intangible fixed assets	△7,348	△1,299		△21,967
	Payments for business transfer	—	△36,560		—
	Payments for purchases of investments in securities	△4,230	—		△34,230
	Payments for deposits and guarantees	—	—		4,302
	Proceeds from return of deposits and guarantees	△2,044	△27,177		△3,701
	Net cash from investing activities	△30,549	△80,382	△49,832	△78,378
III	Cash flow from financing activities				
	Net change in short-term borrowing	—	△300,000		300,000
	Proceeds from stock issues	23,460	—		23,460
	Proceeds from sale of treasury stock	△151	△90,965		△157,252
	Cash dividends paid	△86,195	△125,755		△86,741
	Payments for dividends	△62,887	△516,721	△453,834	79,466
IV	Change in cash and cash equivalents	△35,228	△524,019	△488,791	248,172
V	Cash and cash equivalents at the beginning of the period	1,226,586	1,474,758	248,172	1,226,586
VI	Cash and cash equivalents, end of fiscal year	1,191,357	950,739	△240,618	1,474,758

Segment Information

Industry segments

Previous consolidated Interim period (April 1, 2005 – March 31, 2006)

(Unit: Thousands yen of yen)

	Outsourcing business	Temporary Staffing	Total	Eliminations and corporate	Consolidated
I Sales and operating income					
Net Sales					
(1) Sales to external clients	3,994,674	871,256	4,865,931	—	4,865,931
(2) Internal sales or transfers between segments	8,670	0	8,670	(8,670)	—
Total	4,003,344	871,256	4,874,601	(8,670)	4,865,931
Operating expenses	3,812,612	830,787	4,643,399	72,819	4,716,218
Operating income	190,732	40,469	231,201	(81,489)	149,712

Current consolidated interim period (April 1, 2006 – September 30, 2006)

(Unit: Thousands of yen)

	Outsourcing business	Temporary Staffing	Total	Eliminations and corporate	Consolidated
I Sales and operating income					
Net Sales					
(1) Sales to external clients	4,131,918	1,408,000	5,539,919	—	5,539,919
(2) Internal sales or transfers between segments	14,521	—	14,521	(14,521)	—
Total	4,146,440	1,408,000	5,554,440	(14,521)	5,539,919
Operating expenses	3,931,896	1,364,623	5,296,520	74,409	5,370,930
Operating income	214,543	43,376	257,920	(88,931)	168,988

Previous consolidated period (April 1, 2005 – March 31, 2006)

(Unit: Thousands yen of yen)

	Outsourcing business	Temporary Staffing	Total	Eliminations and corporate	Consolidated
I Sales and operating income					
Net Sales					
(1) Sales to external clients	8,131,953	1,940,833	10,072,787	—	10,072,787
(2) Internal sales or transfers between segments	22,732	—	22,732	(22,732)	—
Total	8,154,685	1,940,833	10,095,519	(22,732)	10,072,787
Operating expenses	7,766,219	1,846,140	9,612,359	134,210	9,746,570
Operating income	388,466	94,692	483,159	(156,942)	326,216

Note: 1. Business divisions are categorized according to the type and nature of the work,

(1) Major businesses under each category

- ① Outsourcing business..... Field staff business, Rounders (Route sales staff) business
- ② Temporary staffing business Temporary staffing service business
- ③ Other business..... Personnel placement business, WEB employment information service business

(2) Among the business expenses in the previous fiscal year's interim period, ¥81,489 thousands of yen of unallocated expenses was included in the "Eliminations and corporate" item. These were mainly expenses associated with the parent company's management department.

Among the business expenses in the current fiscal year's interim period, ¥88,931 thousands of yen of unallocated expenses was included in the "Eliminations and corporate" item. These were mainly expenses associated with the parent company's management department.

(3) Among assets in the previous consolidated fiscal year's interim period the value of the entire company's assets, including "Eliminations or corporate" items, was ¥156,942 thousands of yen, the principal item being assets related to the management area.