

# **BACKS GROUP Inc.**

**Presentation of Results for the Interim Period of  
the Fiscal Year Ending March 31, 2009**

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**November 5, 2008**

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# Results Highlights



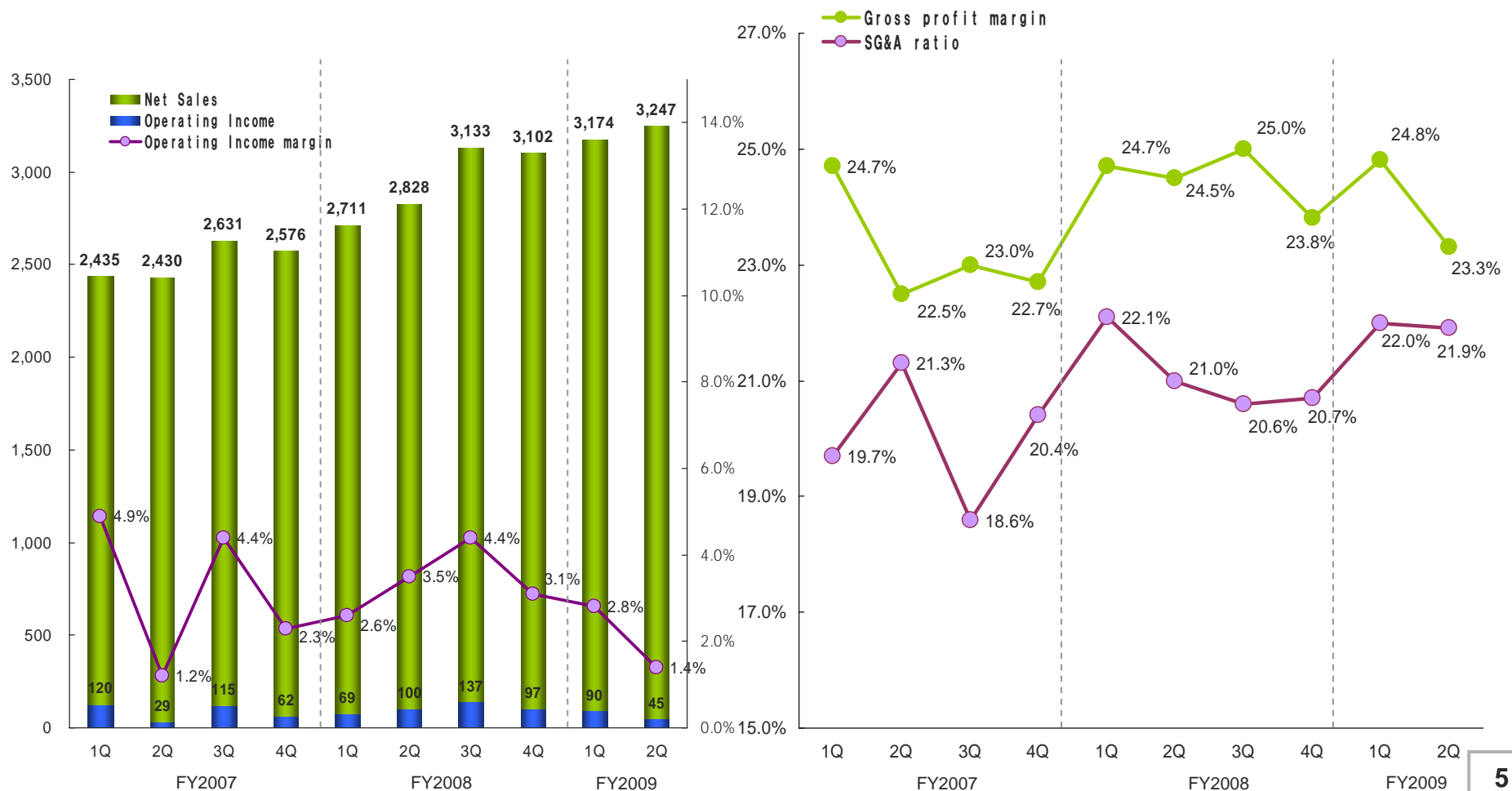
## FY2009 Interim Results Highlights

【Unit : million of yen】

	FY2008 2Q	FY2009 2Q	Y on Y
<b>N e t S a l e s</b>	5,539	<b>6,421</b>	+15.9%
<b>G r o s s P r o f i t</b>	1,362	<b>1,543</b>	+13.3%
(Gross profit margin)	(24.6%)	<b>(24.0%)</b>	-0.5ppts
(S G & A r a t i o )	(21.5%)	<b>(21.9%)</b>	+0.4ppts
<b>O p e r a t i n g I n c o m e</b>	168	<b>135</b>	-19.6%
(Operating income margin)	(3.1%)	<b>(2.1%)</b>	-1.0ppts
<b>O r d i n a r y I n c o m e</b>	165	<b>135</b>	-18.4%
<b>N e t I n c o m e</b>	92	<b>13</b>	-85.4%





# Profitability – Quarterly Basis

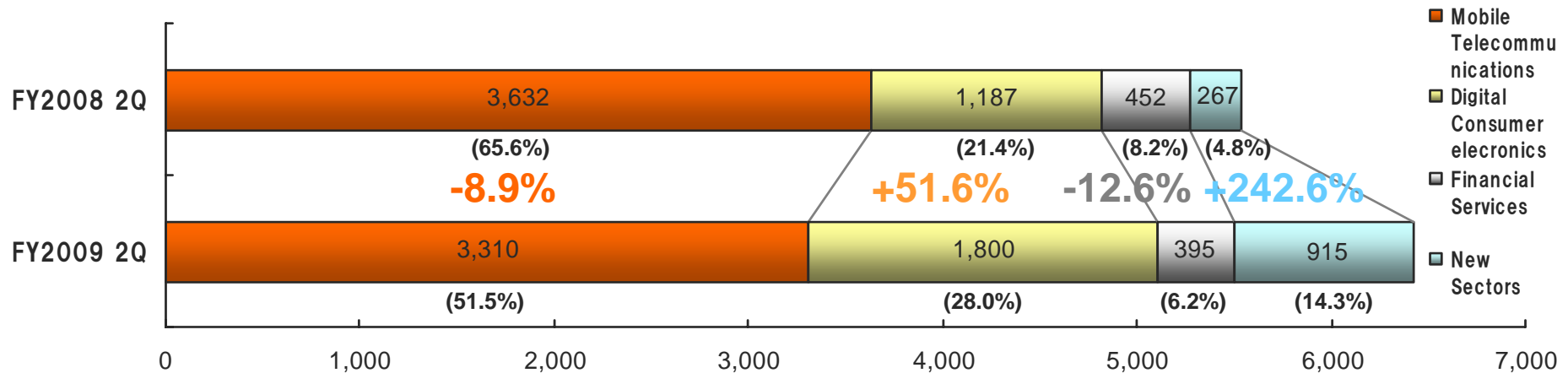
- **Gross profit margin:** Reduction due to low-margin contracts and decrease in sales generated by new businesses (my Haken).
- **SG & A ratio** : Rise associated with increase in the number of sales staff (within budget).



## Sales by Customer Segment

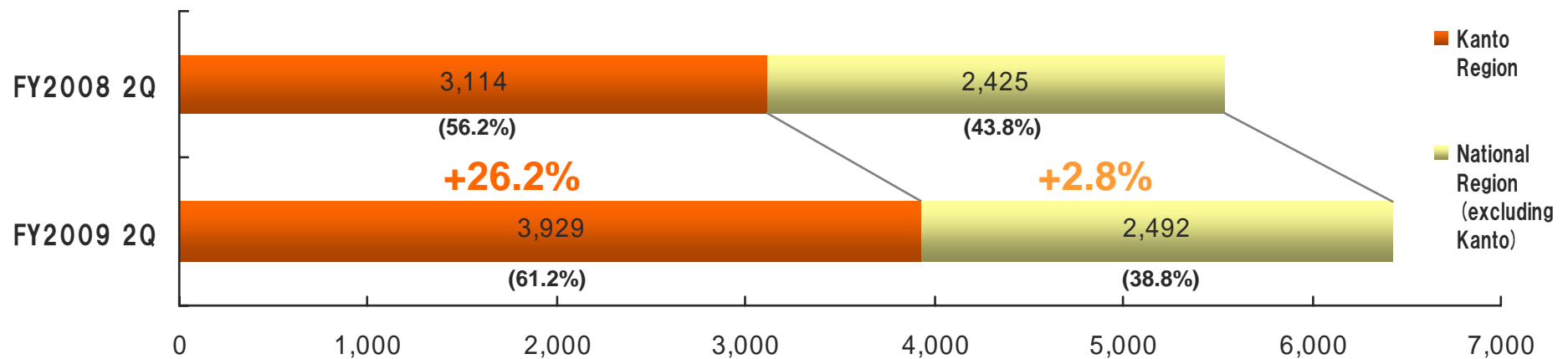
【Unit : Million of yen】

	FY2008 2Q	Share	FY2009 2Q	Share	Y on Y
 <b>M o b i l e Telecommunications</b>	3,632	65.6%	<b>3,310</b>	<b>51.5%</b>	-8.9%
 <b>D i g i t a l C o n s u m e r e l e c t r o n i c s</b>	1,187	21.4%	<b>1,800</b>	<b>28.0%</b>	+51.6%
 <b>F i n a n c i a l S e r v i c e s</b>	452	8.2%	<b>395</b>	<b>6.2%</b>	-12.6%
 <b>N e w S e c t o r s</b>	267	4.8%	<b>915</b>	<b>14.3%</b>	+242.6%



## Sales by Geographic Region

[Unit : million of yen]	FY2008 2Q	Share	FY2009 2Q	Share	Y on Y
Kanto Region	3,114	56.2%	3,929	61.2%	+26.2%
( o f f i c e s )	(14)		(15)		(+1)
National (excluding Kanto)	2,425	43.8%	2,492	38.8%	+2.8%
( o f f i c e s )	(18)		(21)		(+3)



## Overview of Business Segment

	[Unit : million of yen]	FY2008 2Q	FY2009 2Q	Y on Y
Outsourcing	Net Sales	4,131	2,726	-34.0%
	(Share)	(74.6%)	<b>(42.5%)</b>	
	Operating Income	214	129	-39.8%
	(Operating margin)	(5.2%)	<b>(4.7%)</b>	-0.5ppts
Temporary Staffing	Net Sales	1,408	3,695	+162.5%
	(Share)	(25.4%)	<b>(57.5%)</b>	
	Operating Income	43	130	+200.3%
	(Operating margin)	(3.1%)	<b>(3.5%)</b>	+0.4ppts

※ Temporary Staffing includes recruiting and website operation.

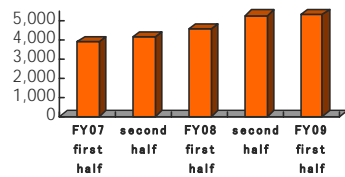
# Overview of Group

Net sales	FY2007 First half	Y on Y	FY2008 First half	Y on Y	FY2009 First half	Y on Y
<b>B a c k s g r o u p ( n o n c o n s o l i d a t e d )</b>	3,882	+18.0%	4,519	+16.4%	<b>5,291</b>	+18.3%
<b>G i g a J a p a n</b>	521	+1.7%	475	-8.9%	<b>341</b>	-28.1%
<b>S m a r t</b>	508	+41.1%	610	+20.0%	<b>513</b>	-15.9%
<b>Entertainment Commons</b>	-	-	0.4	-	<b>282</b>	+65895.1%

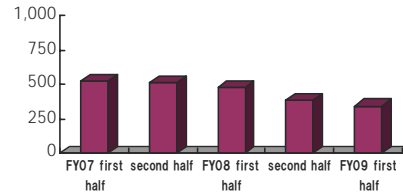
## Net sales

[Unit : million of yen]

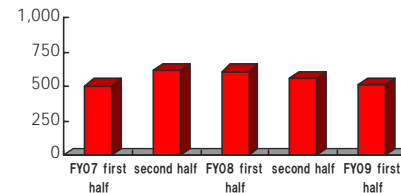
Backs group (non consolidated)



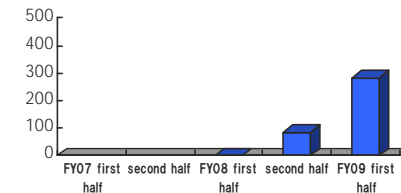
Gigajapan



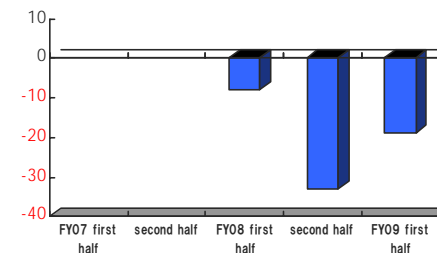
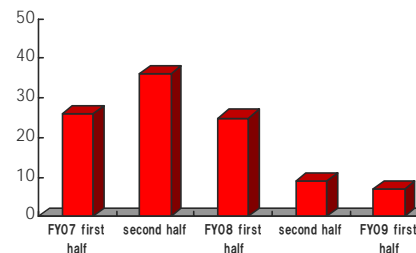
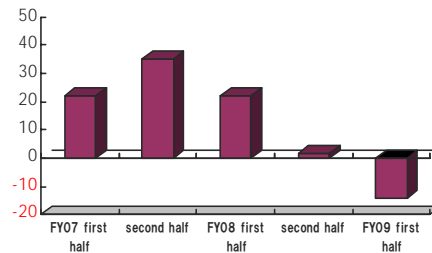
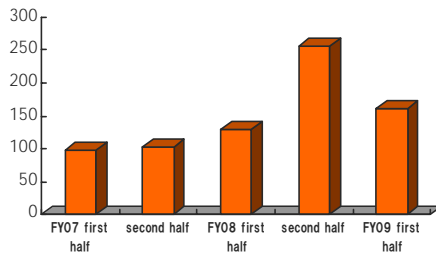
Smart



Entertainment Commons



## Operating Income



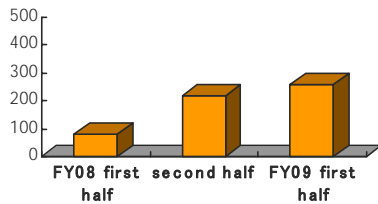
# Overview of New Business

	FY08 First half	Y on Y	FY08 Second half	Y on Y	FY09 First half	Y on Y
Light Work	79	-	215	+174.4%	256	+19.2%
Employee Recruiting Services	20	-	18	-9.0%	7	-62.0%
Music Industry	0	-	77	-	280	+244.6%
My Haken (Web site running business)	0.4	-	5	+1235.2%	1	-68.3%

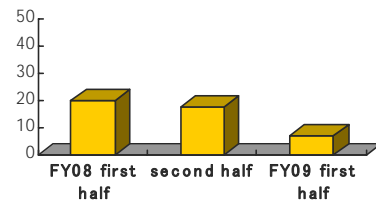
## Net Sales

[Unit : million of yen]

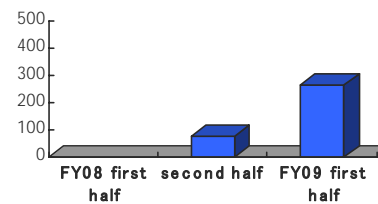
Light Work



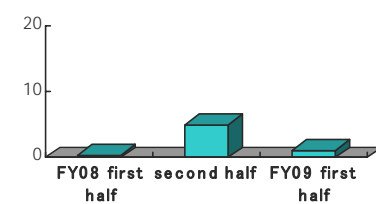
Employee Recruiting Services



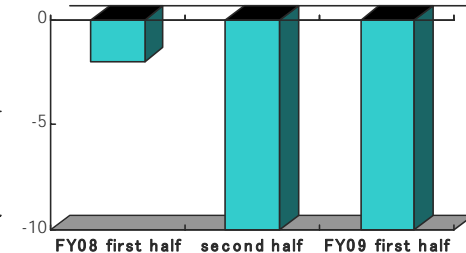
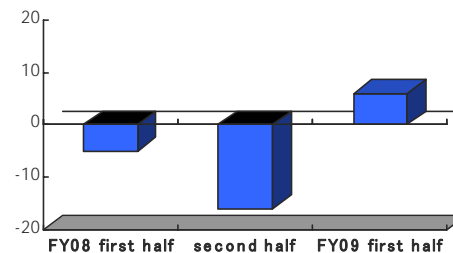
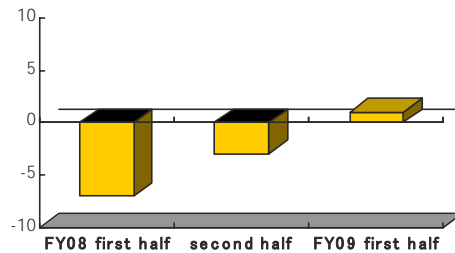
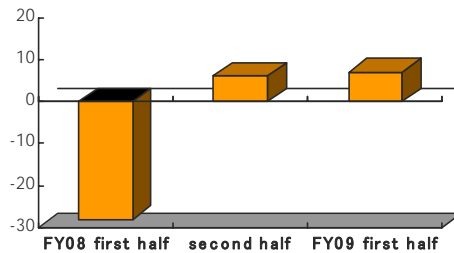
Music Industry



my Haken (Web site running business)

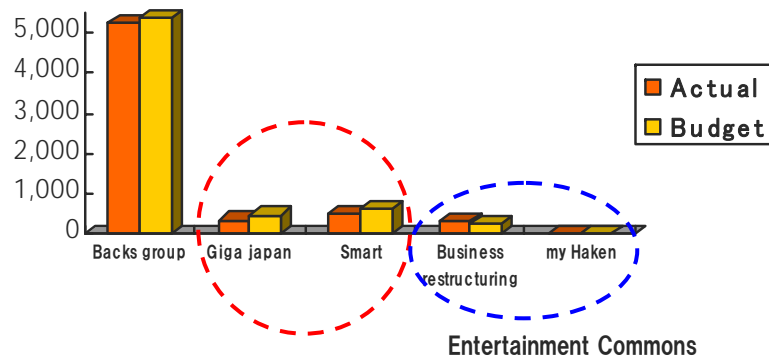


## Operating Income

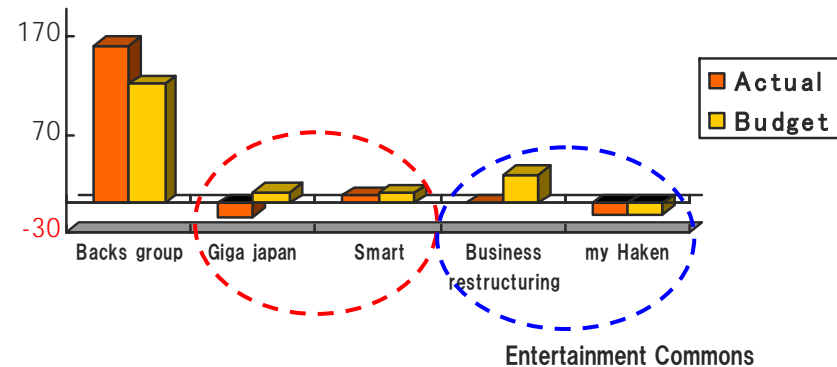


# Overview of New Business

Net Sales/Comparison between forecast made at beginning of fiscal year and actual performance



Operating Income/Comparison between forecast made at beginning of fiscal year and actual performance



Actual net sales of Backs Group and Entertainment Commons Inc. (temporary staffing business) were brisk, beating the forecast made at the beginning of the fiscal year. Actual net sales of two subsidiaries Giga Japan Inc. and Smart Inc. fell short of the forecast due to lack of supply capacity. Entertainment Commons' portal site business substantially fell short of the forecast as its customer—the entire temporary staffing industry—shrank.



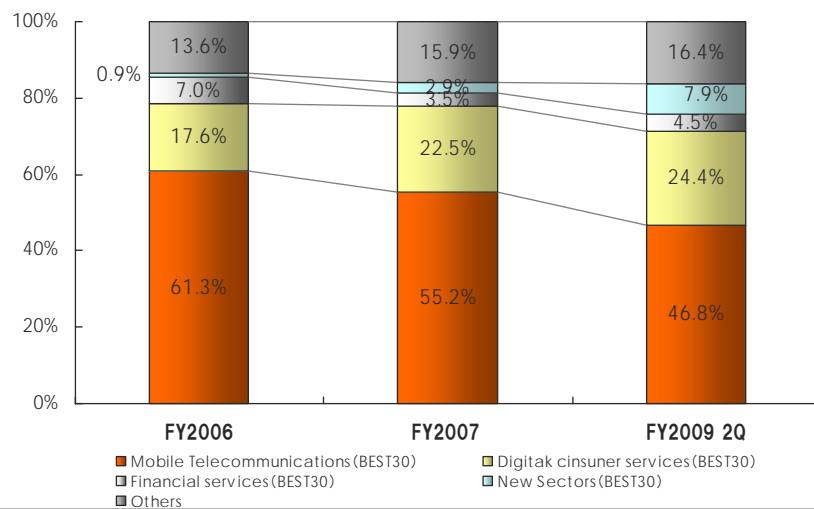
Expansion of supply capacity will be sought by making use of Backs Group's infrastructure through the merger of two subsidiaries effective October 1. At the same time, selling, general and administrative expenses will be reduced by promoting improvements in the efficiency of overlapping operations. "My Haken" operated by Entertainment Commons Inc. will be sold, and business resources will be concentrated in the temporary staffing business targeted at the music industry, which is performing strongly.

## Top 30 Customers -Sales

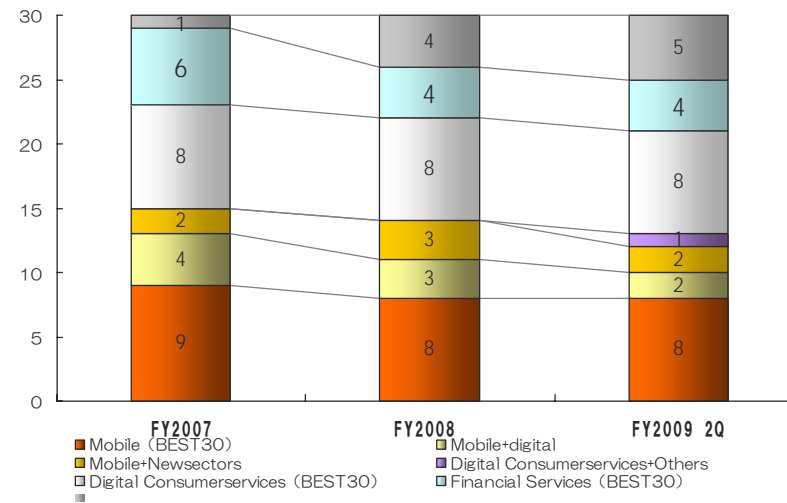
【Unit : million of yen】	FY2007			FY2008			FY2009 2Q			Y on Y
	Net Sales	Share	Firm	Net Sales	Share	Firm	Net Sales	share	Firm	
<b>Mobile Telecommunications</b>	6,137	61.3%	14	6,503	55.2%	14	<b>3,007</b>	<b>46.8%</b>	<b>12</b>	<b>-11.4%</b>
<b>Digital consumer services</b>	1,774	17.6%	12	2,643	22.5%	11	<b>1,568</b>	<b>24.4%</b>	<b>11</b>	<b>+51.9%</b>
<b>Financial Services</b>	707	7.0%	6	413	3.5%	4	<b>289</b>	<b>4.5%</b>	<b>4</b>	<b>-4.7 %</b>
<b>New Sectors</b>	88	0.9%	3	345	2.9%	8	<b>504</b>	<b>7.9%</b>	<b>8</b>	<b>+433.6%</b>
<b>Top Thirty Total</b>	<b>8,707</b>	<b>86.4%</b>	<b>30</b>	<b>9,905</b>	<b>84.1%</b>	<b>30</b>	<b>5,370</b>	<b>83.6%</b>	<b>30</b>	<b>+11.3%</b>
<b>Others</b>	1,364	13.6%	265	1,870	15.9%	427	<b>1,051</b>	<b>16.4%</b>	<b>342</b>	<b>+46.8%</b>
<b>Total</b>	<b>10,072</b>	<b>100.0%</b>	<b>295</b>	<b>11,775</b>	<b>100.0%</b>	<b>457</b>	<b>6,422</b>	<b>100.0%</b>	<b>372</b>	<b>+15.9%</b>

※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



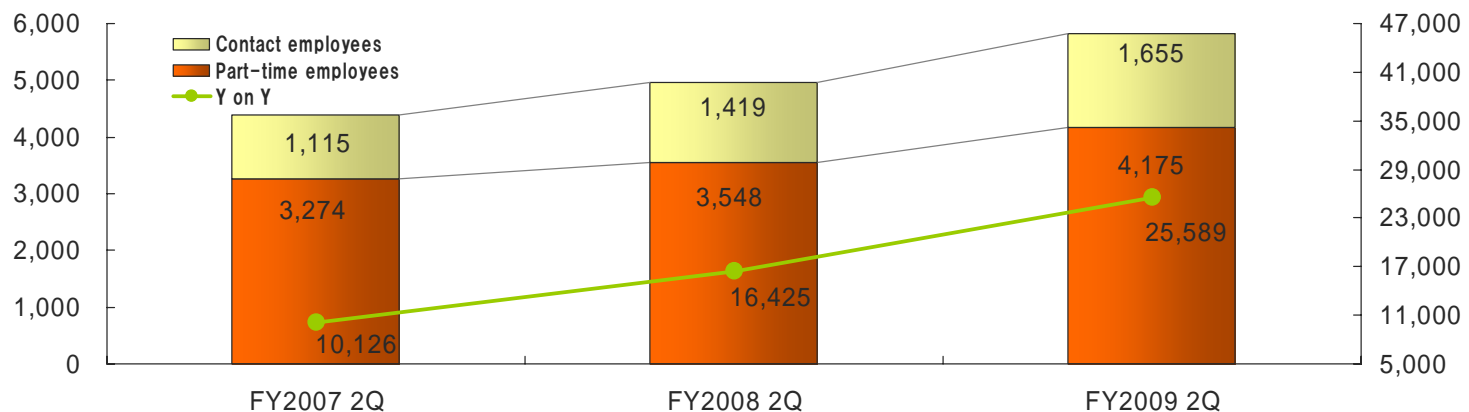
Breakdown to Top 30 Customers by Segment



## Number of Staff

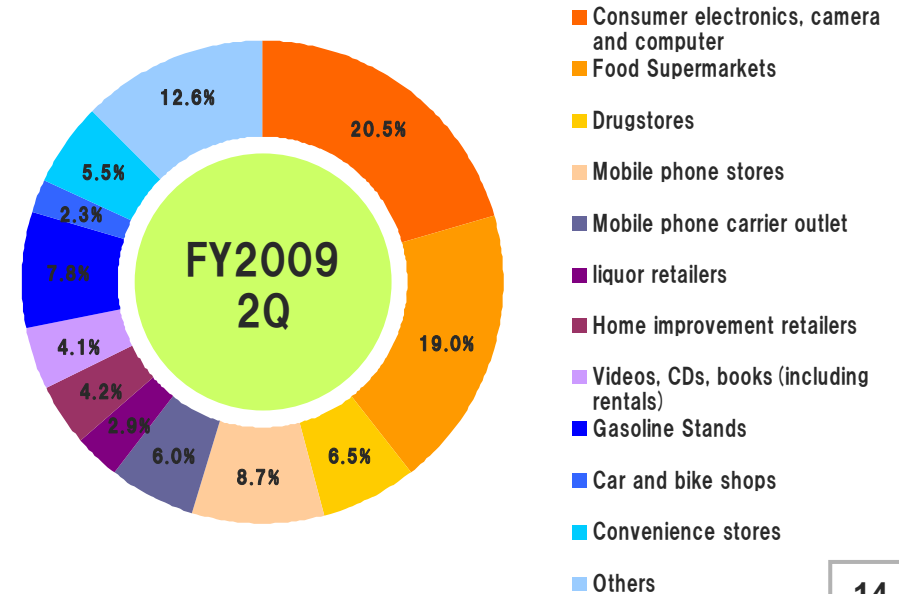
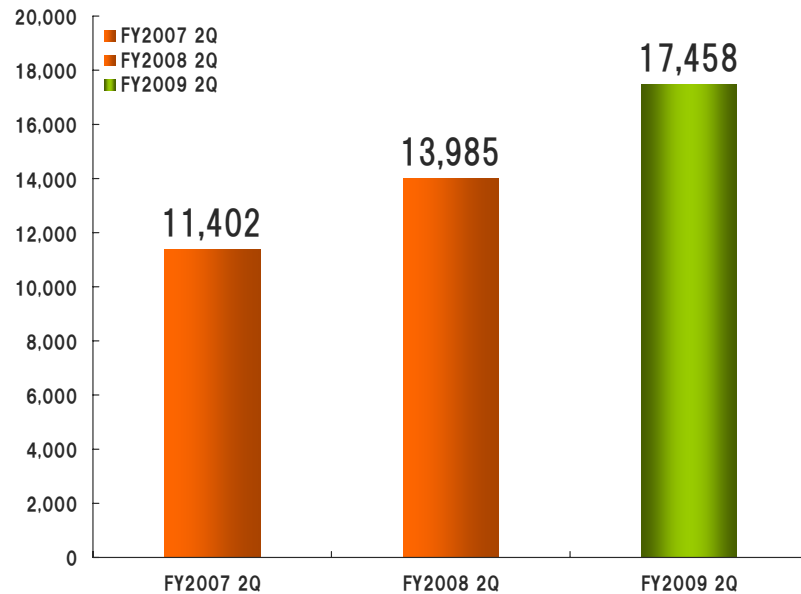
【UNIT: million of yen, person】

	FY2007 2Q	FY2008 2Q	FY2009 2Q
<b>Active Staff (monthly average)</b>	4,389	4,967	5,830
(Contact employees)	1,115	1,419	1,655
(Part-time employees)	3,274	3,548	4,175
<b>Avg. sales amount per person</b>	184	185	183
<b>Registered staff</b>	43,423	59,848	85,437
<b>(Y on Y)</b>	+10,126	+16,425	+25,589



## Total number of stores serviced

	FY2007 2Q	FY2008 2Q	FY2009 2Q
<b>Total number of stores</b>	11,402	13,985	<b>17,458</b>
<b>(Y on Y)</b>		<b>+2,605</b>	<b>+3,473</b>





# Strategies



## FY2009 Full year Forecasts

[Unit : million of yen]	FY2008 (Actual)	FY2009 (Forecasts)	Y on Y
<b>N e t S a l e s</b>	11,775	<b>13,762</b>	+16.9%
<b>G r o s s P r o f i t</b>	2,883	<b>3,434</b>	+19.1%
(Gross profit margin)	(24.5%)	<b>( 24.9%)</b>	+0.4ppts
(S G & A r a t i o )	(21.1%)	<b>( 21.4%)</b>	+0.3ppts
<b>O p e r a t i n g I n c o m e</b>	404	<b>479</b>	+18.5%
(Operating income margin)	(3.4%)	<b>( 3.4%)</b>	±0.0ppts
<b>O r d i n a r y I n c o m e</b>	401	<b>479</b>	+19.3%
<b>N e t I n c o m e</b>	210	<b>215</b>	+2.1%

## New Corporate Logo



A new group trademark was introduced to reaffirm our management principle and social responsibility to “grow with our customers and contribute to society”.

### Social Responsibility

Client companies = Obey the law

Temporary staff = Secure employment opportunities and improve treatment.

Consumer = Convey accurate product information.

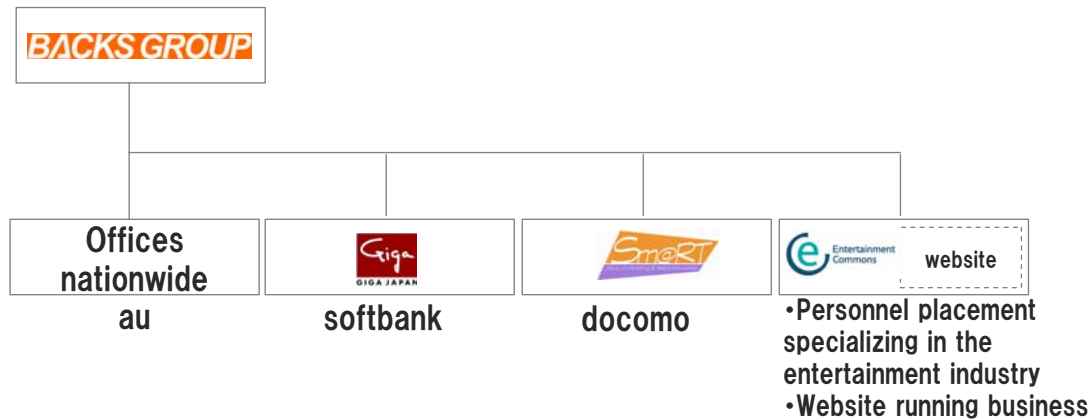
The three overlapping ellipses represent “customers” and “customers” and “staff” working in the Backs Group.

*Blue*, a color that evokes a sense of responsibility and trust, represents “customers”. *Yellow*, which evokes joy and fun of shopping, represents “consumers”.

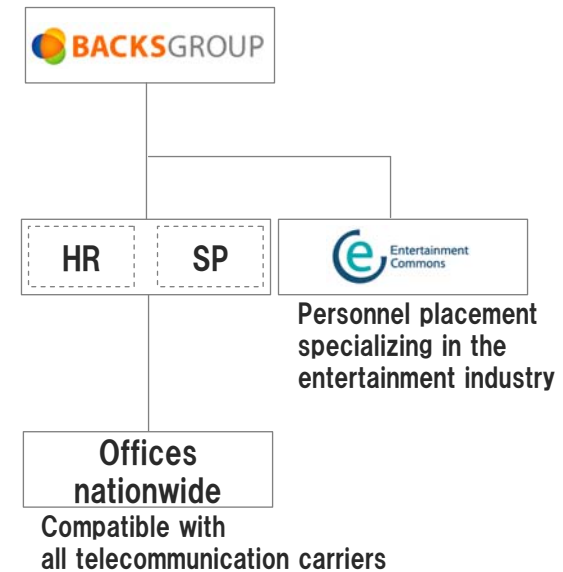
*Green*, which stands for growth and advancement, represents “staff”. *Orange* at the center of the logo represents **Backs Group**, which seeks to bring together “customers”, “consumers” and “staff” through communication and build a mutually harmonious and beneficial relationship.

# Reorganization

Before reorganization  
(until September 30)



After reorganization  
(October 1 and thereafter)



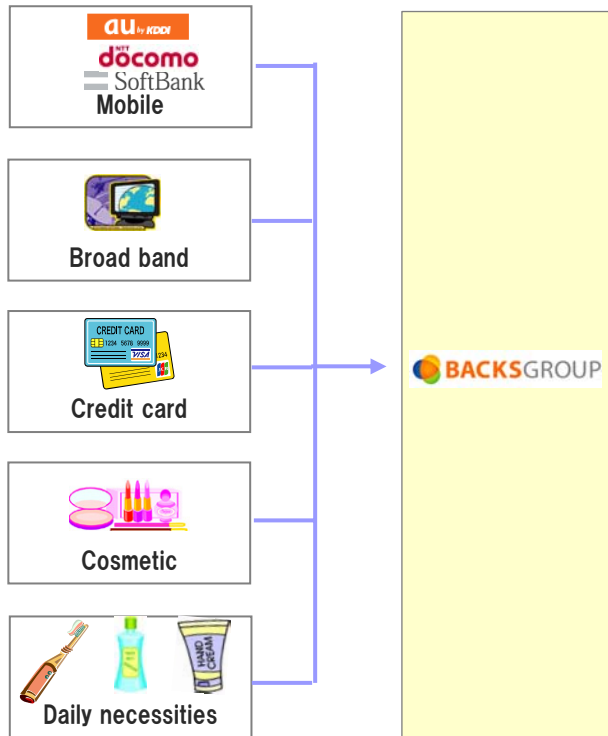
Merged the businesses of Giga Japan Inc. and Smart Inc., whose business areas and activities overlapped.



Reduce selling, general and administrative expenses by concentrating business resources and improving the efficiency of operations.

# HR sales department – Enhancement of speed and ample supply capacity –

B to C companies



Mass home electronics retailer



Clothing store



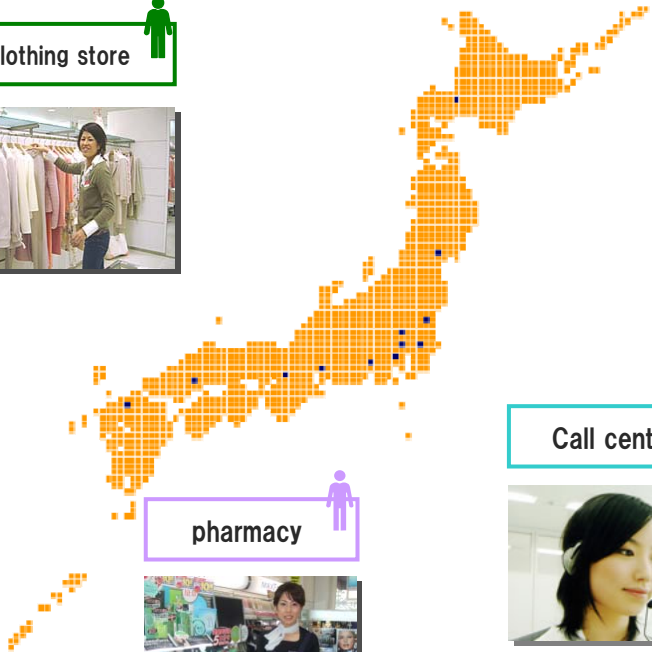
Mobile shop



Call center



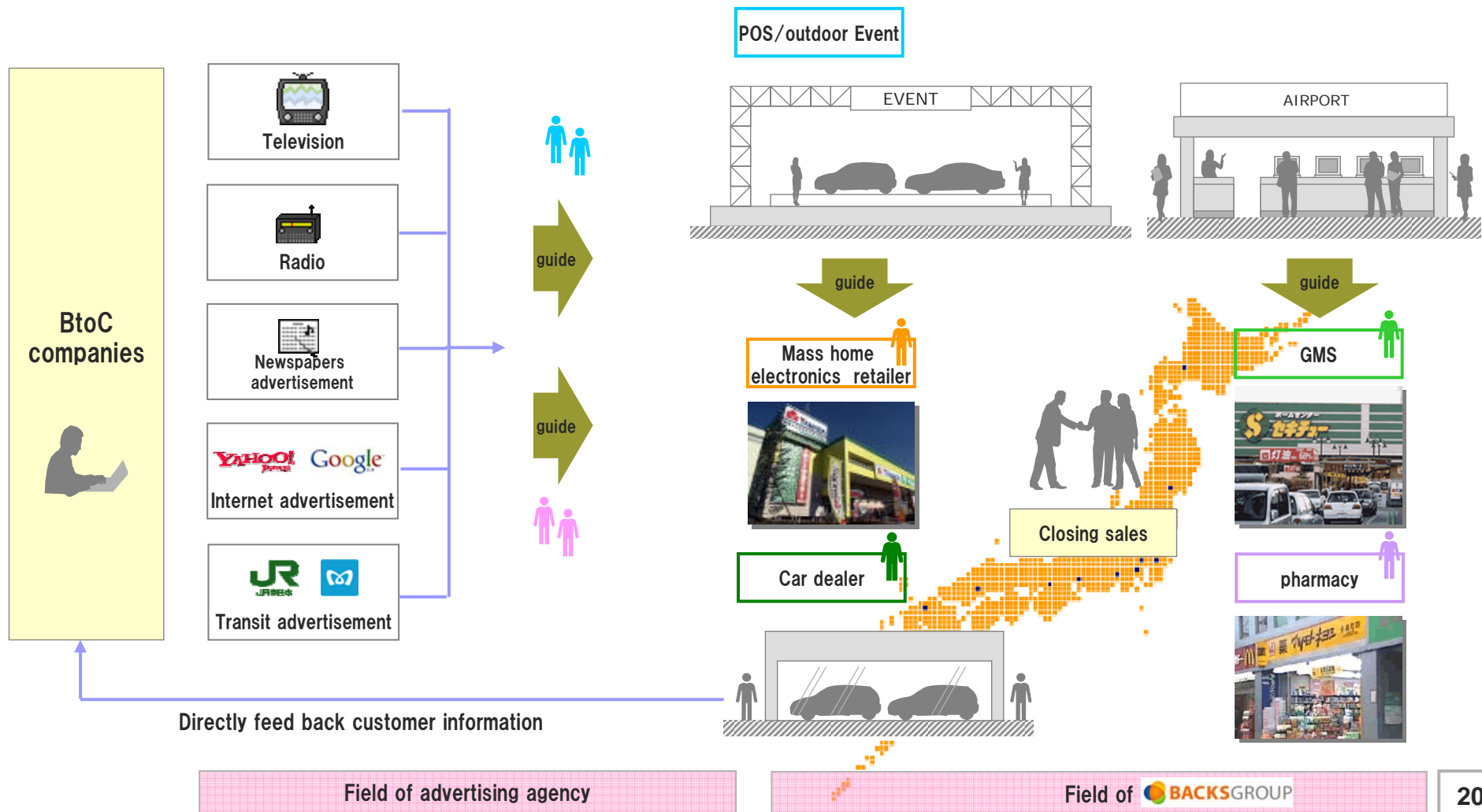
pharmacy



# Sales Promotion department - Enhancement of SP business -

Mass marketing (advertisement)

Field marketing (sales promotion)



## Sales Promotion department – Advantage –

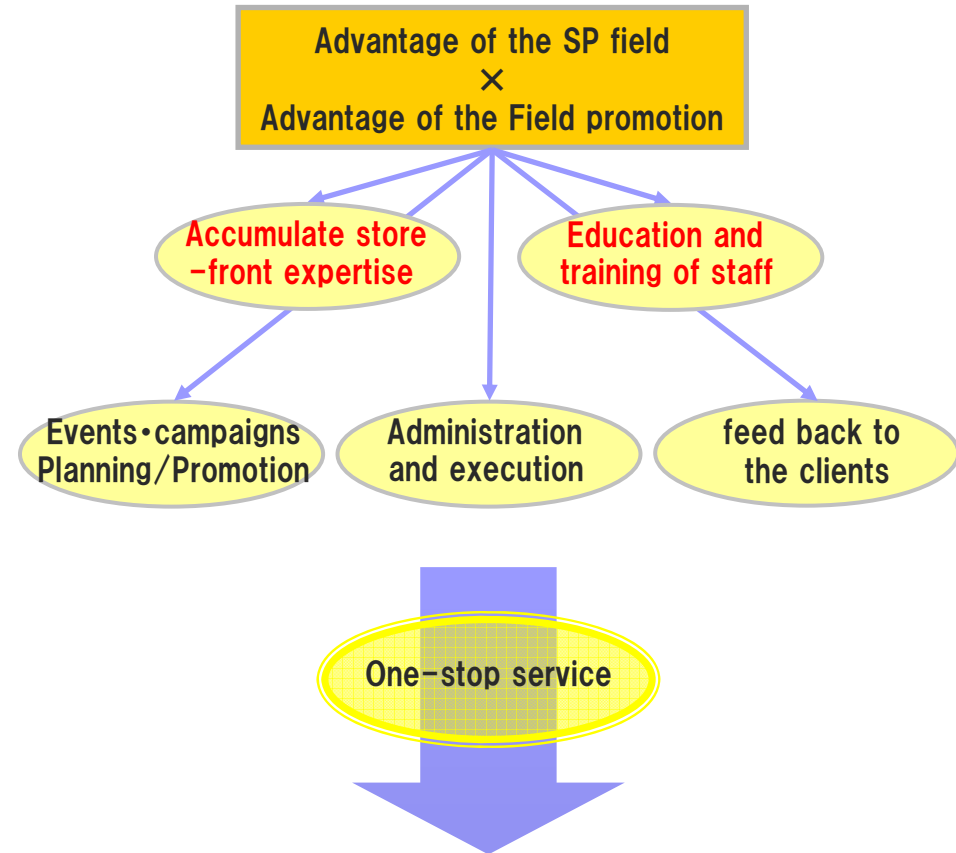
**Advertising Markets  
7,019.1 billion**

**Peripheral markets of the  
advertisement segment  
¥3~4 trillion**

- SP
- Sales Measures
- Events
- Market Research

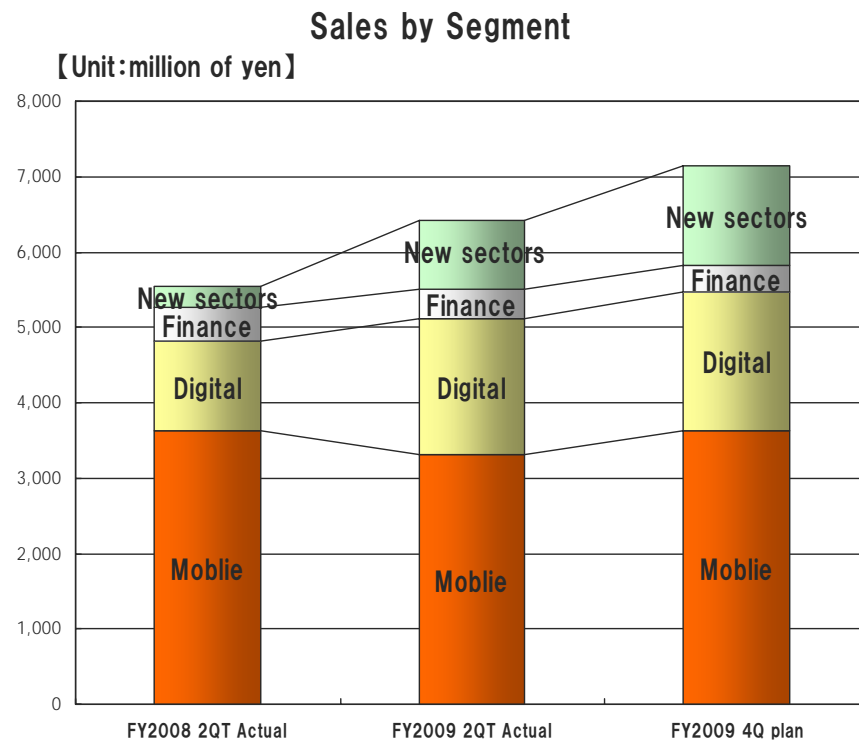
etc...

\*Researched by Dentsu. 2007



**Provide high value-added services by meeting  
demand for store-front measures, sales  
promotion, etc.**

# Business Policy – Sales by segment –



### 【Mobile】

( Growth Ratio : -8.9% )

- Become compatible with all carriers and all regions nationwide.
- Increase full-time lines

### 【Digital】

( Growth Ratio : +51.6% )

- Improve profitability by increasing the number of received orders for campaign contracts.

### 【Finance】

( Growth Ratio : -12.6% )

- Capturing contracts centering on credit cards affiliated with retailers.

### 【New Sectors】

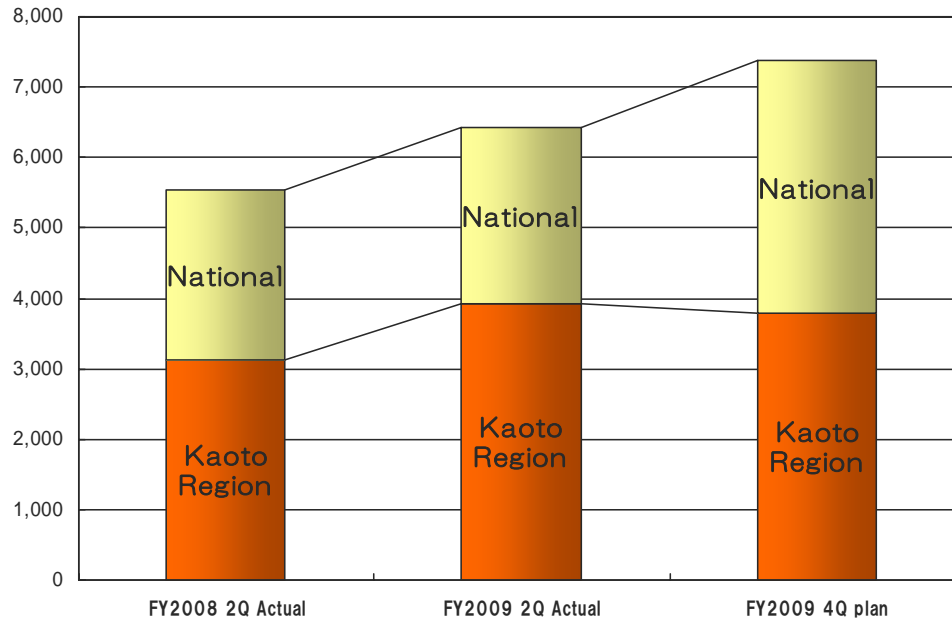
( Growth Ratio : +242.6% )

- Expansion of the temporary staffing to the specializing in the music industry.
- Expansion of the temporary staffing to retailing channels.
- Seek the clothing industry.

# Business Policy – Sales by Region –

**Sales by Region**

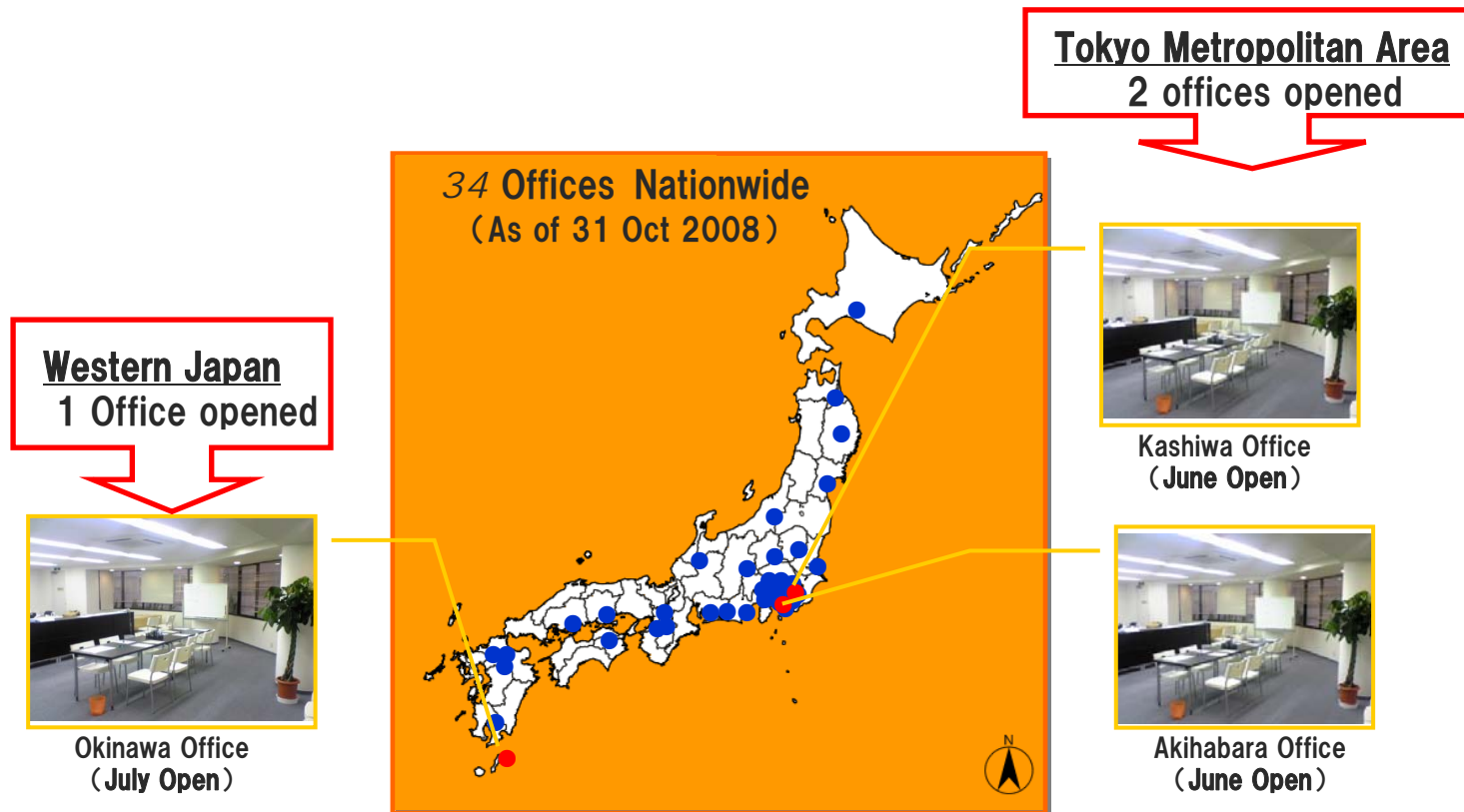
【Unit: million of yen】



- 【Kanto Region】**  
 ( Expected growth Ratio : +26.2% )
- Increase the number of full-time staff utilized by adapting to all carriers nationwide.
  - Increase the sales of Entertainment Commons Inc. smoothly.
- 【National (excluding Kanto)】**  
 ( Expected growth Ratio : +2.8% )
- Increase the number of full-time staff utilized by adapting to all carriers nationwide.
  - Acquisition of new campaigns projects.

# Office Locations

- Completed nationwide network by opening Okinawa office.
- Repositioned sales bases through the merger of subsidiaries.





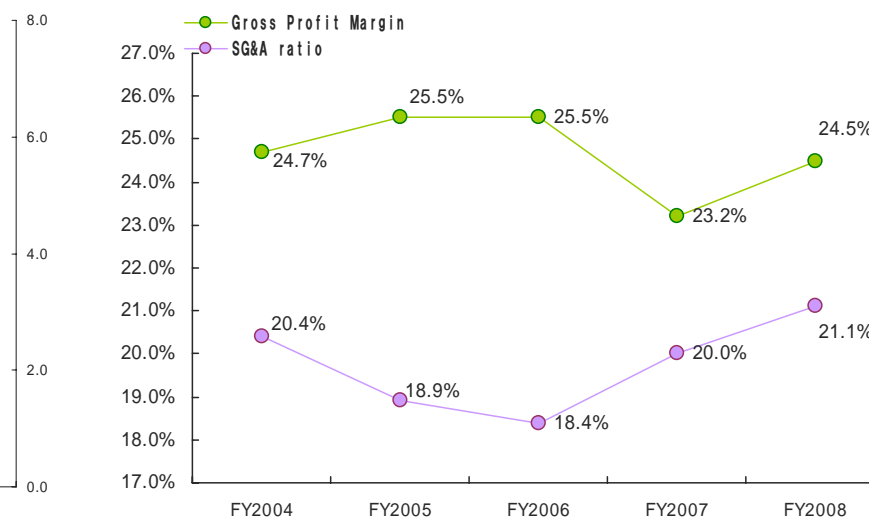
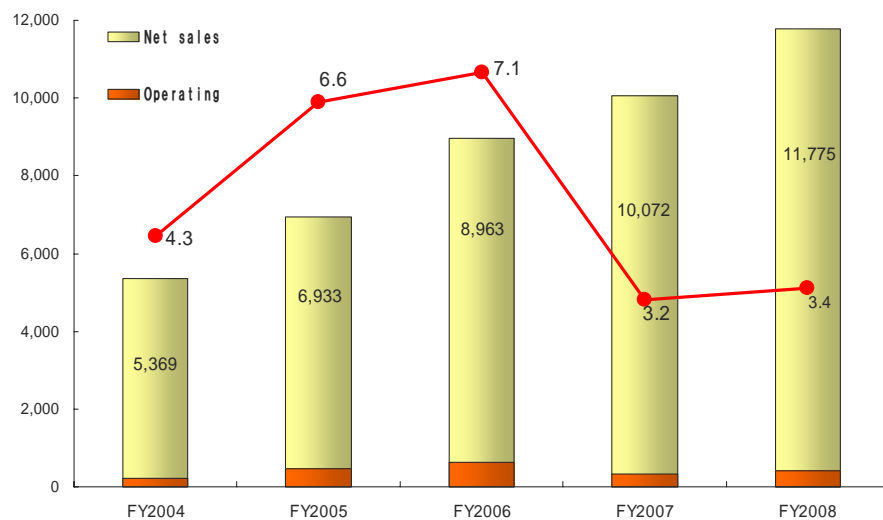
# References



## Performance Trends

[Unit: Million of yen]

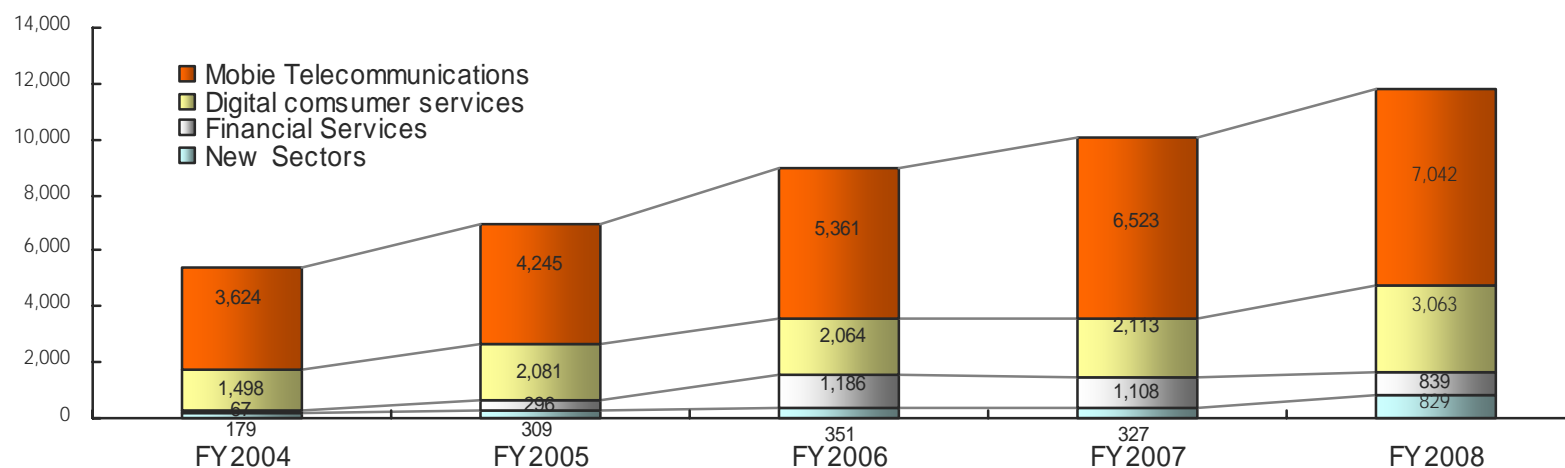
	FY2004	FY2005	FY2006	FY2007	FY2008
<b>Net Sales</b>	5,369	6,933	8,963	10,072	11,775
<b>Gross Profit</b>	1,328	1,769	2,283	2,338	2,883
<b>(Gross Profit Margin)</b>	(24.7%)	(25.5%)	(25.5%)	(23.2%)	(24.5%)
<b>(SG&amp;A ratio)</b>	(20.4%)	(18.9%)	(18.4%)	(20.0%)	(21.1%)
<b>Operating Income</b>	230	460	637	326	404
<b>(Operating Income margin)</b>	(4.3%)	(6.6%)	(7.1%)	(3.2%)	(3.4%)
<b>Ordinary Income</b>	226	457	637	319	401
<b>Net Income</b>	133	258	371	179	210



## Sales by Customer Segment

【Unit: Million of yen】

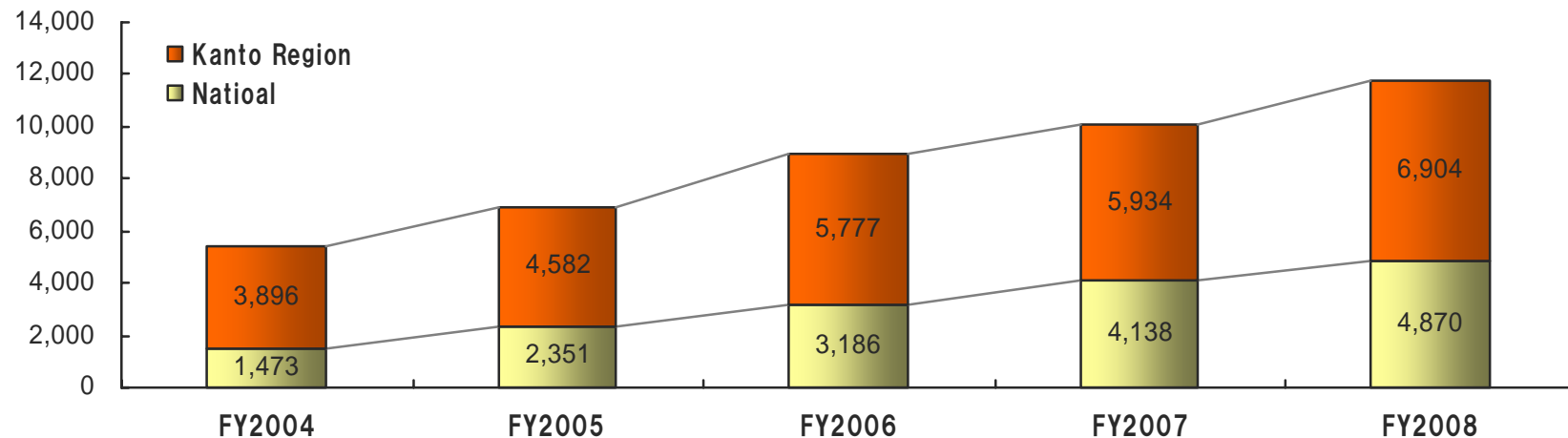
		FY2004	FY2005	FY2006	FY2007	FY2008
Mobile Telecommunications	Net Sales	3,624	4,245	5,361	6,523	7,042
	Share	67.5%	61.2%	59.8%	64.8%	59.8%
Digital consumer electronics	Net Sales	1,498	2,081	2,064	2,113	3,063
	Share	27.9%	30.0%	23.0%	21.0%	26.0%
Financial Services	Net Sales	67	296	1,186	1,108	839
	Share	1.2%	4.3%	13.2%	11.0%	7.1%
New Sectors	Net Sales	179	309	351	327	829
	Share	3.2%	4.5%	4.0%	3.3%	7.0%



## Sales by Geographic Region

【Unit: Million of yen】

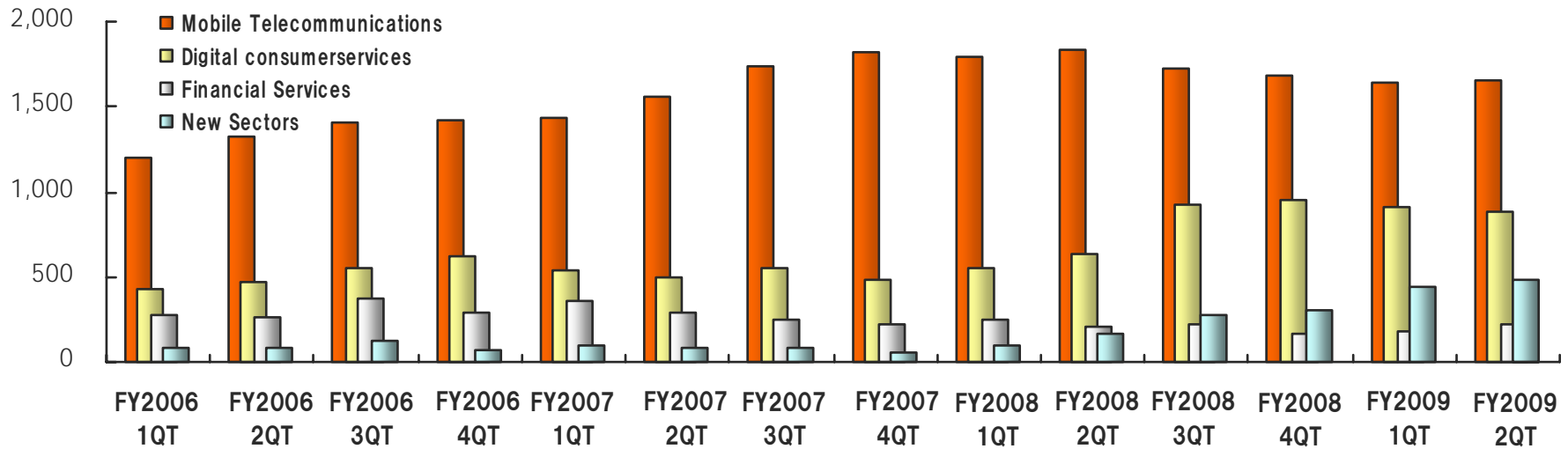
		FY2004	FY2005	FY2006	FY2007	FY2008
<b>Kanto Region</b>	<b>Net Sales</b>	3,896	4,582	5,777	5,934	6,904
	<b>Share</b>	72.6%	66.1%	64.5%	58.9%	58.6%
	<b>Offices</b>	(5)	(6)	(9)	(9)	(13)
<b>National (excluding Kanto)</b>	<b>Net Sales</b>	1,473	2,351	3,186	4,138	4,870
	<b>Share</b>	27.4%	33.9%	35.5%	41.1%	41.4%
	<b>Offices</b>	(6)	(11)	(13)	(14)	(20)



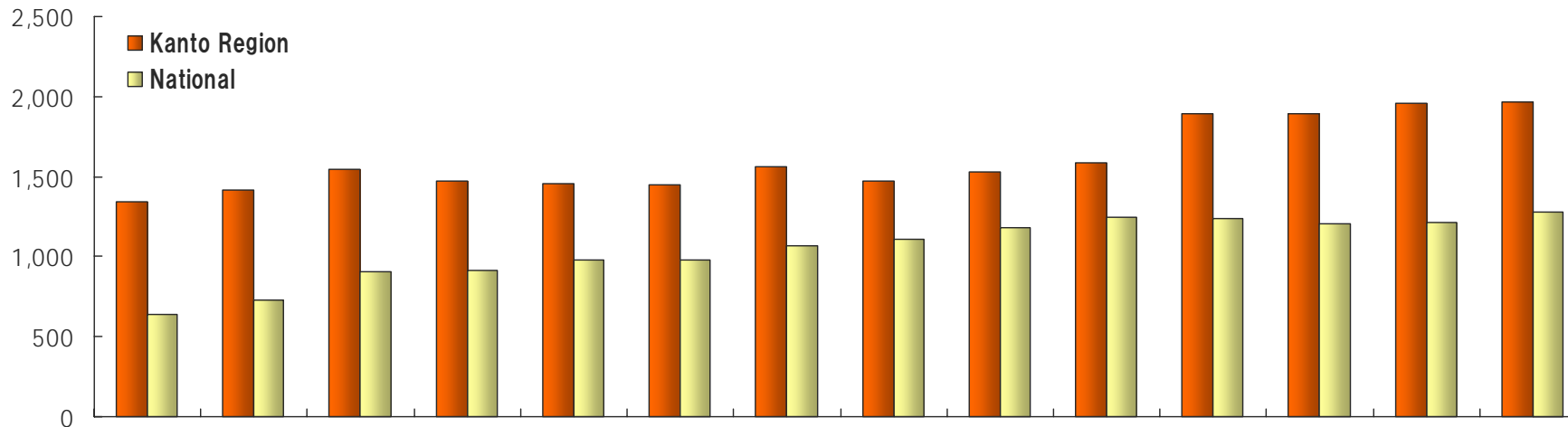
## Quarterly Trends In Sales—by Customer Segment and Region

### Sales by Customer Segment

[Unit: Million of yen]



### Sales by Geographic Region



## Consolidated Cash Flows

【Unit: Million of yen】	FY2008 2Q	FY2009 2Q	Y on Y	Changing Factors
Cash flows from operating activities	73	112	+53.4%	Due to decrease in accounts receivable and the reduction in accrued expenses and outlays associated with the payment of income taxes.
Cash flows from investing activities	-80	-22	-72.2%	Due to the payment in the form of deposits and guarantees deposited in conjunction with the opening of new office, and others for the acquisition of software to upgrade the Company's infrastructure.
Cash flows from financing activities	-516	-46	-91.0%	Due to the payment as dividend payment.
Cash and cash equivalents at the end of the period	950	871	-12.8%	
Change in Cash and Cash Equivalents	-524	43	—	

## Consolidated Statement of Cash Flows

【Unit: Million of yen】	FY2004	FY2005	FY2006	FY2007	FY2008
Cash flows from operating activities	182	328	342	247	-14
Cash flows from investing activities	-145	-64	-101	-78	-112
Cash flows from financing activities	-27	42	-92	79	-518
Cash and cash equivalents at the end of the period	771	1,078	1,226	1,474	828
Change in cash equivalents at the end of the period	+9	+306	+147	+248	-646

## Sales and Profits Trends—by Group Company

【Million of yen】	FY2008 2Q	FY2009 2Q	Y on Y
<b>Net Sales</b>	5,539	6,421	+15.9%
<b>Backs Group</b>	4,519	5,347	+18.3%
<b>Giga Japan</b>	475	341	-28.1%
<b>Smart</b>	610	513	-15.9%
<b>Entertainment Commons</b>	0	282	+65895.1%
<b>Gross Profit</b>	1,362	1,543	+13.3%
<b>Backs Group</b>	1,163	1,382	+18.8%
<b>Giga Japan</b>	107	67	-37.0%
<b>Smart</b>	118	92	-22.0%
<b>Entertainment Commons</b>	0	31	—
<b>Operating Income</b>	168	135	-19.6%
<b>Backs Group</b>	129	162	+24.8%
<b>Giga Japan</b>	22	-14	-165.3%
<b>Smart</b>	25	7	-72.1%
<b>Entertainment Commons</b>	-8	-19	—

※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.



# Shareholders



## Shareholder Breakdown by Segment

Shareholder Segment	FY2007				FY2007 Interim				FY2008			
	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	0.00	0	0.00	0.00	0.00	0	0.00	0.00	0.00
Bank and trust companies	1	0.01	500.00	0.34	3	0.05	9,900.00	6.67	4	0.07	12,575.00	8.47
Insurance companies	0	0.00	0.00	0.00	0	0.00	0.00	0.00	0	0.00	0.00	0.00
Other financial institutions	3	0.04	1,480.00	1.00	3	0.05	1,882.00	1.27	3	0.06	6,832.00	4.60
Securities companies	14	0.20	4,673.00	3.15	18	0.29	2,331.00	1.57	13	0.23	5,534.00	3.72
Other corporations	44	0.64	12,962.00	8.73	40	0.64	12,508.00	8.42	32	0.59	11,822.00	7.96
Foreign corporations	13	0.19	2,012.00	1.35	18	0.29	1,213.00	0.82	15	0.28	1,947.00	1.31
Individual / others	6,773	98.89	112,347.00	75.64	6,205	98.68	106,140.00	71.47	5,359	98.75	95,264.00	64.14
Treasury stock	1	0.01	14,541.00	9.79	1	0.02	14,541.00	9.79	1	0.02	14,541.00	9.79
<b>Total</b>	<b>6,849</b>	<b>100.00</b>	<b>148,515.00</b>	<b>100.00</b>	<b>6,288</b>	<b>100.00</b>	<b>148,515.00</b>	<b>100.00</b>	<b>5,427</b>	<b>100.00</b>	<b>148,515.00</b>	<b>100.00</b>
<b>Big shareholders</b>	<b>10</b>	<b>0.14</b>	<b>49,072.00</b>	<b>33.04</b>	<b>10</b>	<b>0.15</b>	<b>56,406.00</b>	<b>37.98</b>	<b>10</b>	<b>0.18</b>	<b>66,227.00</b>	<b>44.59</b>
<b>Fund</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>1</b>	<b>0.01</b>	<b>1,700.00</b>	<b>1.14</b>	<b>2</b>	<b>0.03</b>	<b>3,575.00</b>	<b>2.40</b>
<b>Floating stocks</b>	<b>6,525</b>	<b>95.26</b>	<b>44,068.00</b>	<b>29.67</b>	<b>5,999</b>	<b>95.40</b>	<b>40,244.00</b>	<b>27.09</b>	<b>5,186</b>	<b>95.55</b>	<b>34,144.00</b>	<b>22.99</b>
<b>Special socks</b>	<b>20</b>	<b>0.29</b>	<b>51,063.00</b>	<b>34.38</b>	<b>15</b>	<b>0.23</b>	<b>71,737</b>	<b>48.30</b>	<b>16</b>	<b>0.29</b>	<b>81,423.00</b>	<b>54.82</b>

## Returns to Shareholders

### Improved liquidity by Stock Split

Date	Contents
April 26 <sup>th</sup> , 2001	1.5 for 1
December 19 <sup>th</sup> , 2003	4 for 1
May 20 <sup>th</sup> , 2004	2 for 1
January 20 <sup>th</sup> , 2006	4 for 1

### Dividend Policy

	FY2003	FY2004	FY2005	FY2006	FY2007	FY2008	FY2009 (Forecasts)
Divided price (yen)	3,500 yen	1,500 yen	2,000 yen	625 yen	950 yen	380yen	540yen
Payout ratio (%)	16.4%	16.2%	25.0%	23.8%	74.1%	24.2%	25.0%

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