

BACKS GROUP Inc.

**Presentation of Results for
the First Quarter of the Fiscal Year Ending March 31, 2010**

July 29, 2009



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Results Highlights



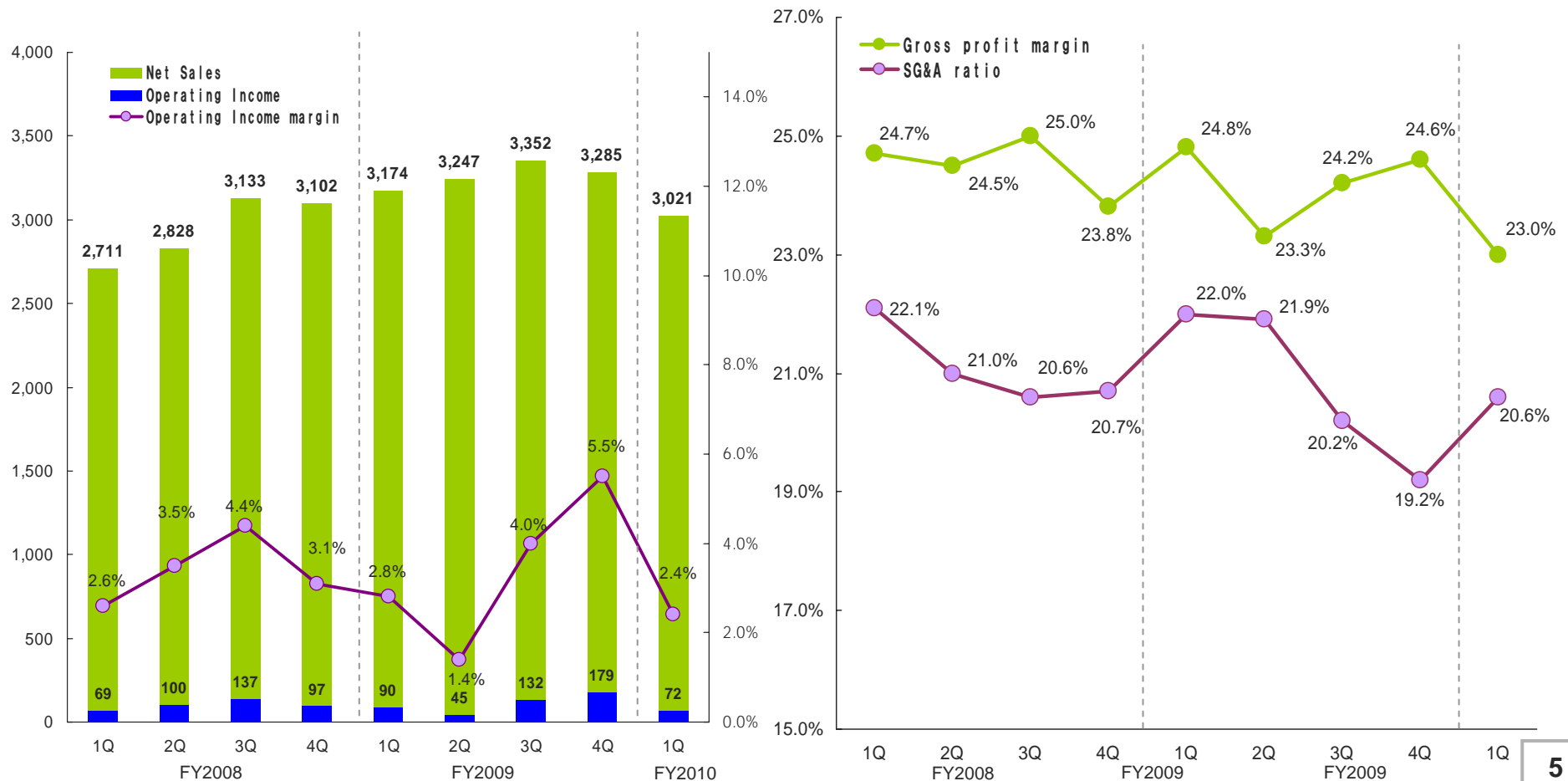
FY2009 Interim Results Highlights

【Unit : million of yen】	FY2009 1Q	FY2010 1Q	Y on Y	Progress ratio for Interim budget
N e t S a l e s	3,174	3,021	-4.8%	46.3%
G r o s s P r o f i t	787	694	-11.8%	43.6%
(Gross profit margin)	(24.8%)	(23.0%)	-1.8ppts	-
(S G & A r a t i o)	(22.0%)	(20.6%)	-1.4ppts	-
O p e r a t i n g I n c o m e	90	72	-19.7%	53.6%
(Operating income margin)	(2.8%)	(2.4%)	-0.4ppts	-
O r d i n a r y I n c o m e	89	72	-19.1%	54.4%
N e t I n c o m e	48	35	-26.3%	57.5%

Profitability – Quarterly Basis





● **Gross profit margin:** Fell 1.8 points year on year due to cut backs in spring campaign, in addition to an increase in the percentage of temporary staffing .

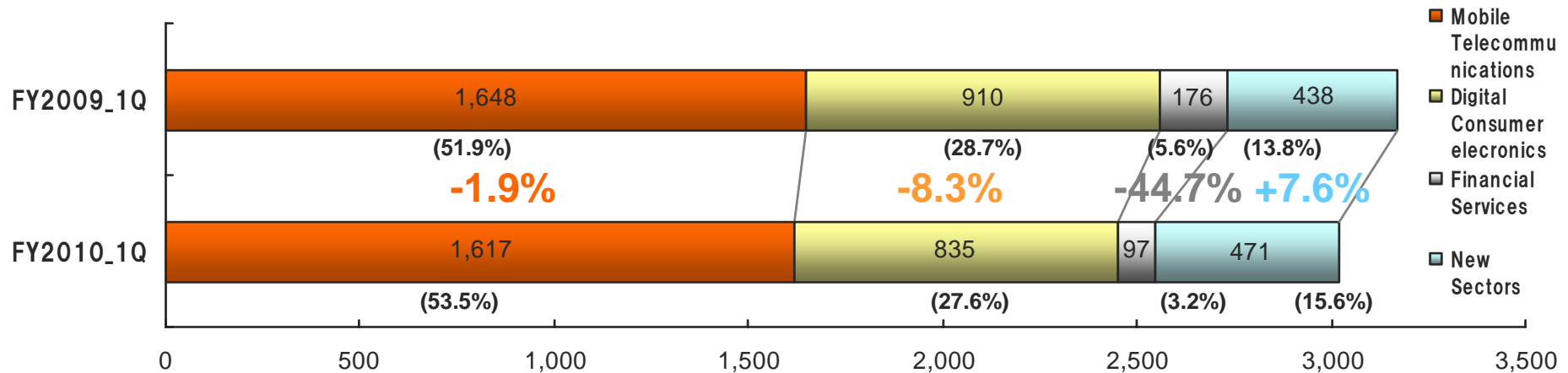
● **SG & A ratio** : Improved 1.4 points year on year by rationalizing operations mainly through the streamlining of subsidiaries and business sites .





Sales by Customer Segment

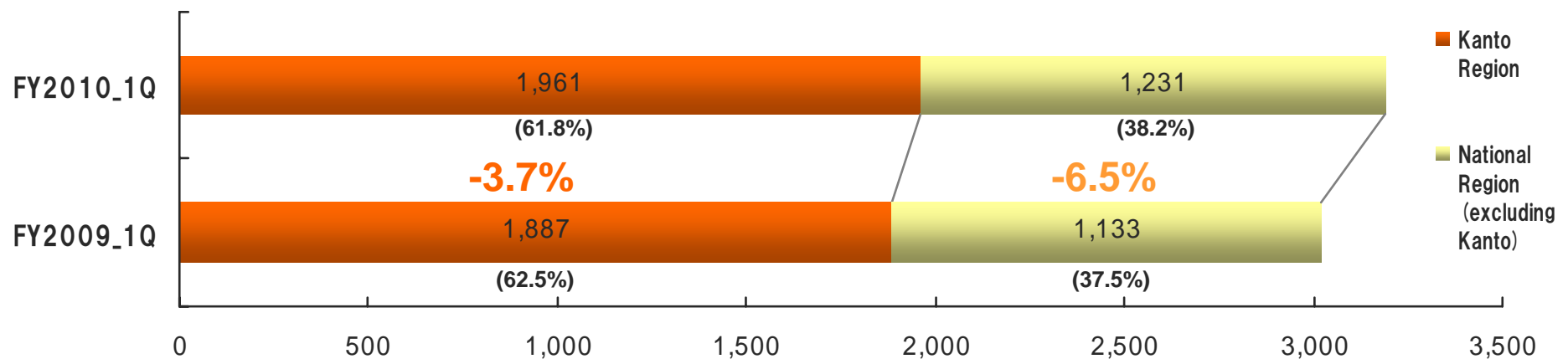
【Unit : Million of yen】

	FY2009 1Q	Share	FY2010 1Q	Share	Y on Y
 M o b i l e Telecommunications	1,648	51.9%	1,617	53.5%	-1.9%
 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	910	28.7%	835	27.6%	-8.3%
 F i n a n c i a l S e r v i c e s	176	5.6%	97	3.2%	-44.7%
 N e w S e c t o r s	438	13.8%	471	15.6%	+7.6%



Sales by Geographic Region

[Unit : million of yen]	FY2009 1Q	Share	FY2010 1Q	Share	Y on Y
 Kanto Region	1,961	61.8%	1,887	62.5%	-3.7%
(offices)	(15)		(11)		(-4)
 National (excluding Kanto)	1,213	38.2%	1,133	37.5%	-6.5%
(offices)	(20)		(15)		(-5)



Overview of Business Segment

	FY2009 1Q	FY2010 1Q	Y on Y
【Unit : million of yen】			
Net Sales	1,421	1,051	-26.1%
(Share)	(44.8%)	(36.5%)	
Operating Income	76	49	-35.6%
(Operating margin)	(5.3%)	(4.7%)	-0.6ppts
Net Sales	1,752	1,970	+12.5%
(Share)	(55.2%)	(63.5%)	
Operating Income	69	90	+30.1%
(Operating margin)	(3.9%)	(4.5%)	+0.6ppts

Outsourcing

Temporary Staffing

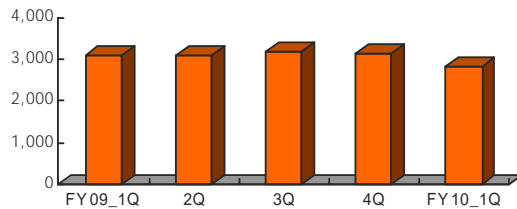
Overview of Group

Net sales	FY2009 1Q	Y on Y	FY2010 1Q	Y on Y
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)	3,085	+12.3%	2,849	-7.6%
E n t e r t a i n m e n t C o m m o n s	119	-	165	+38.6%
S m a r t C o m m u n i c a t i o n s	-	-	12	-

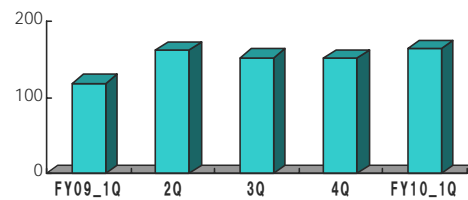
■ Net sales

[Unit : million of yen]

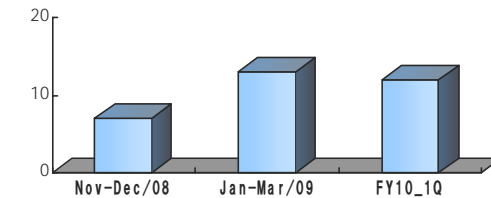
Backs Group(non-consolidated)



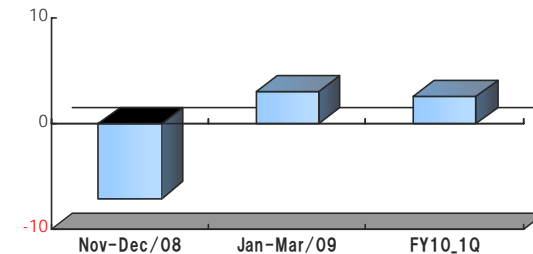
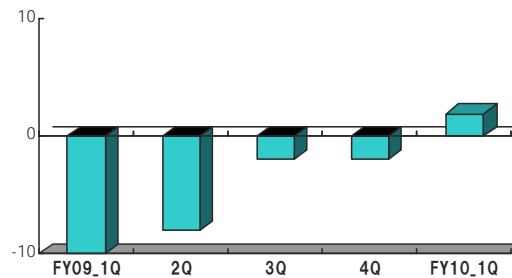
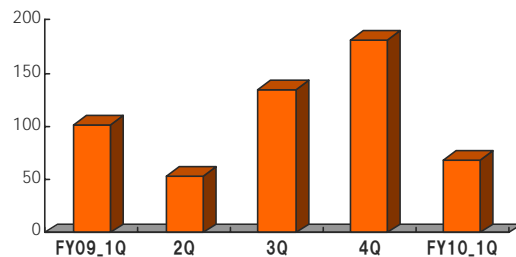
Entertainment Commons



Smart Communications



■ Operating Income



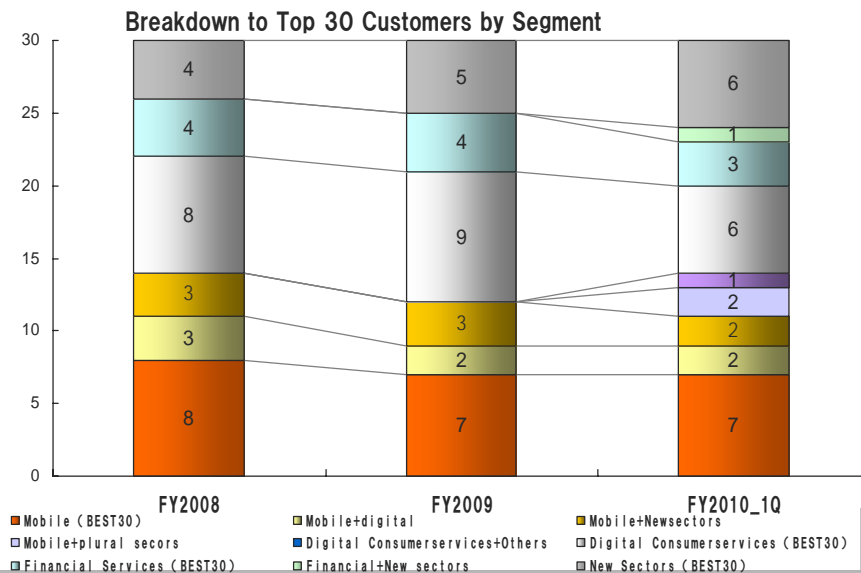
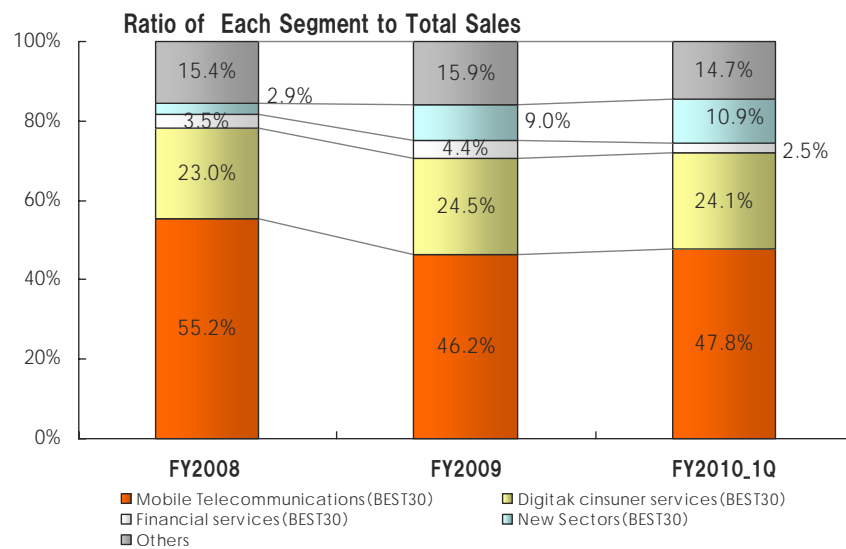
※Bacs Group absorbed Giga Japan and Smart as of October 1, 2008.

※The company was included in the scope of consolidation as of January 1, 2009.

Top 30 Customers -Sales

【Unit : million of yen】	FY2008			FY2009			FY2010_1Q			Y on Y
	Net Sales	Share	Firm	Net Sales	Share	Firm	Net Sales	share	Firm	
Mobile Telecommunications	6,503	55.2%	14	6,035	46.2%	12	1,445	47.8%	13	-4.5%
Digital consumer services	2,706	23.0%	11	3,201	24.5%	12	727	24.1%	10	-7.1%
Financial Services	413	3.5%	4	572	4.4%	4	74	2.5%	5	-33.0%
New Sectors	345	2.9%	7	1,176	9.0%	8	332	11.0%	11	+23.9%
Top Thirty Total	9,967	84.6%	30	10,986	84.1%	30	2,580	85.4%	30	-3.6%
Others	1,807	15.4%	409	2,073	15.9%	451	441	14.6%	222	-11.4%
Total	11,775	100.0%	439	13,060	100.0%	481	3,021	100.0%	252	-4.8%

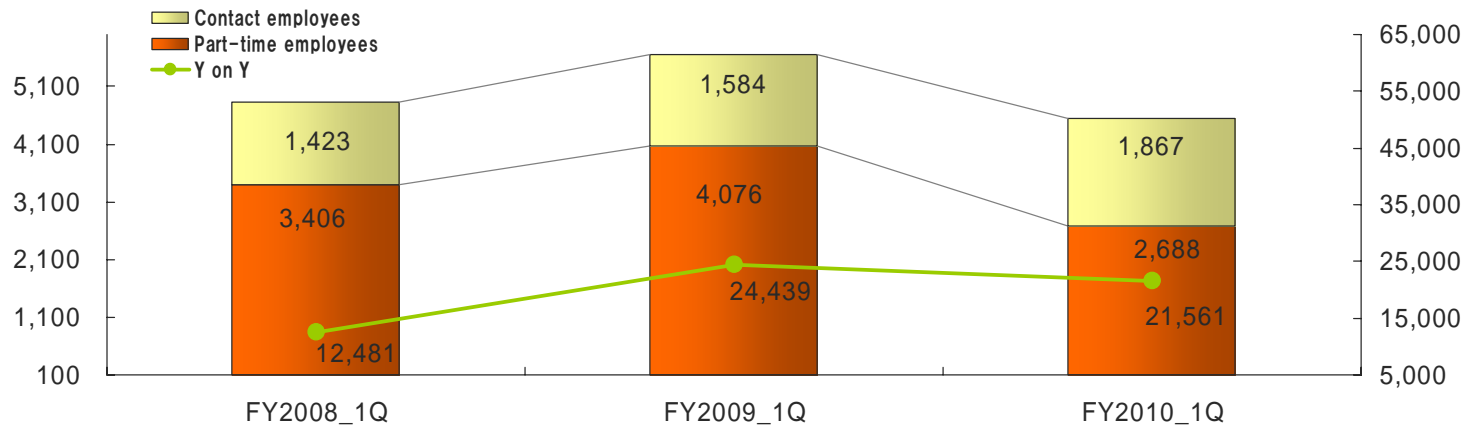
※The number of customers in each segment and the total number differ because customers in mobile and digital segments are included.



Number of Staff

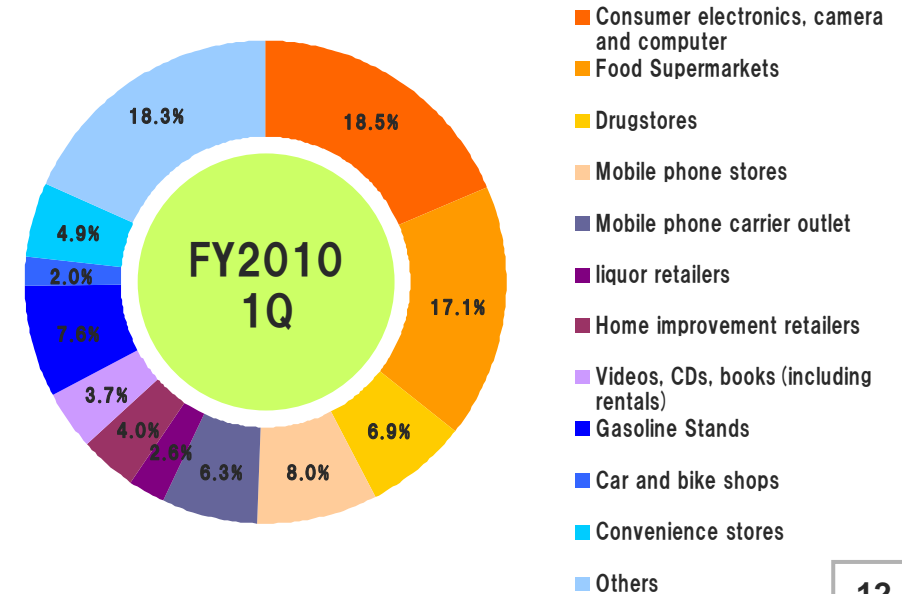
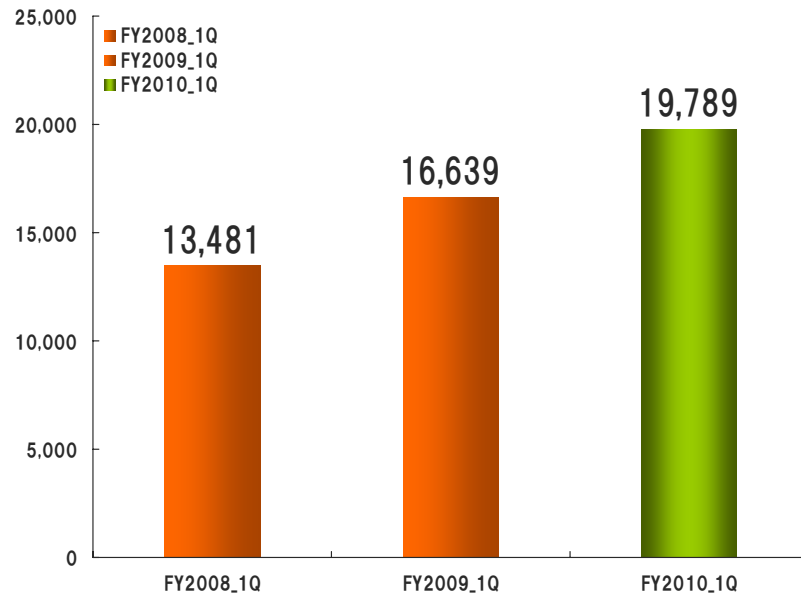
[UNIT: million of yen, person]

	FY2008 1Q	FY2009 1Q	FY2010 1Q
Active Staff (monthly average)	4,829	5,660	4,554
(Contact employees)	1,423	1,584	1,867
(Part-time employees)	3,406	4,076	2,688
Avg. sales amount per person	187	186	221
Registered staff	53,935	78,374	99,935
(Y on Y)	+12,481	+24,439	+21,561



Total number of stores serviced

	FY2008 1Q	FY2009 1Q	FY2010 1Q
Total number of stores	13,481	16,639	19,789
(Y on Y)		+2,767	+3,150





Strategies



FY2010 Interim Forecasts

【Unit : million of yen】

	FY2009 Interim (Actual)	FY2010 Interim (Forecasts)	Y on Y
N e t S a l e s	6,421	6,530	+1.7%
G r o s s P r o f i t	1,543	1,590	+3.0%
(Gross profit margin)	(24.0%)	(24.4 %)	+0.4ppts
(S G & A r a t i o)	(21.9%)	(22.3 %)	+0.4ppts
O p e r a t i n g I n c o m e	135	135	-0.6%
(Operating income margin)	(2.1%)	(2.1 %)	±0.0ppts
O r d i n a r y I n c o m e	135	132	-2.5%
N e t I n c o m e	13	62	+360.3%

FY2010 Full year Forecasts

[Unit : million of yen]	FY2009 (Actual)	FY2010 (Forecasts)	Y on Y
N e t S a l e s	13,060	14,000	+7.2%
G r o s s P r o f i t	3,163	3,406	+7.7%
(Gross profit margin)	(24.2%)	(24.3 %)	+0.1ppts
(S G & A r a t i o)	(20.8%)	(20.8 %)	±0.0ppts
O p e r a t i n g I n c o m e	448	496	+10.7%
(Operating income margin)	(3.4%)	(3.5 %)	+0.1ppts
O r d i n a r y I n c o m e	447	492	+10.0%
N e t I n c o m e	177	276	+55.4%

Industry Outlook: Trends in the temporary staffing and outsourcing industries

<Controversy over amendment of the Worker Dispatch Law>

◆Reinforcement of guidance on the “2009 issue”

Reinforcement of guidance on re-dispatching workers after the cooling off period.

◆Prohibition in principle of the dispatch of day workers

Prohibition in principle of temporary staff dispatch agreements providing for daily labor or a contract period of 30 days or less.

◆Enhance regulations on “temporary staff dispatched to specific corporations”.

Regulate the percentage of temporary staff dispatched to specific destinations, such as companies within the same group.

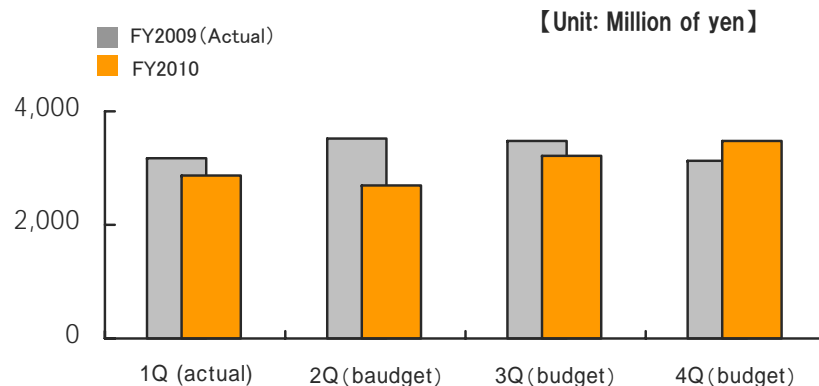
Thorough enforcement of compliance and improvement of staff treatment are the issues to be addressed.

[Measures]

- ◎Provision of high value-added outsourcing services.
- ◎Lengthening of the term of temporary staff dispatch agreement.
- ◎Provide staff offering services to address direct employment needs.
- ◎Enhancement of specialization through improved education and training, and acquisition of qualification.

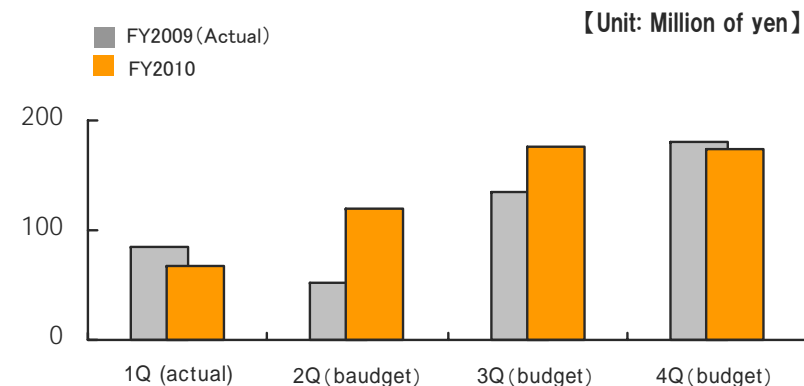
Sales Strategy —Backs Group (non-consolidated)—

Net sales



Backs absorbed Giga Japan and Smart as of October 1, 2008.

Operating Income



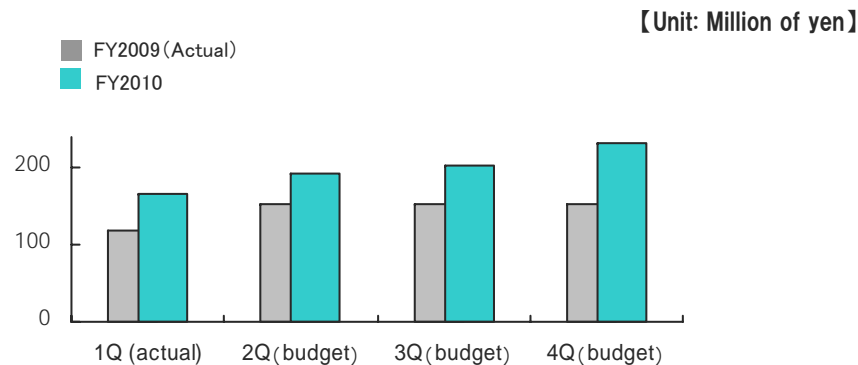
- Take advantage of the nationwide network to increase full-time lines through expansion of transactions with mobile phone agencies in addition to major carriers in the mobile communications segment.

- Compliance measures to prepare for the amendment of the Worker Dispatch Law.
 - Propose building an outsourcing model to major clients in the digital consumer electronics segment.

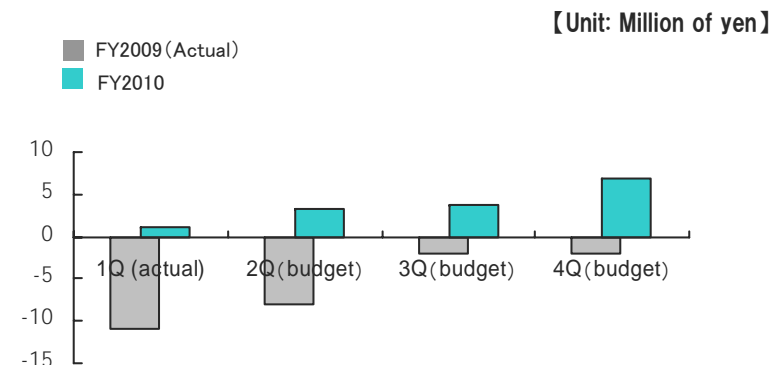
- Streamline business through the consolidation and abolition of business sites.
 - Consolidate from 34 to 26 business sites.

Sales Strategy —Entertainment Commons—

Net sales



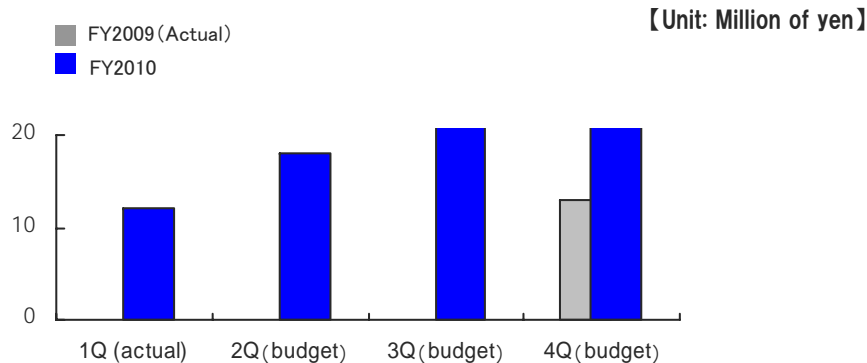
Operating Income



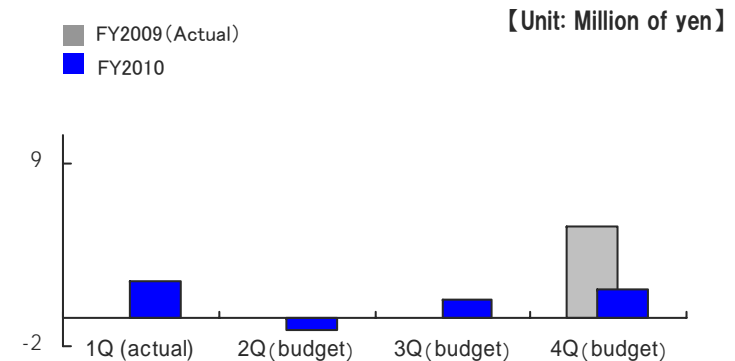
- Seek to expand our business by making full efforts in approaching the video and game industries, in addition to the music industry.
- Seek to reinforce leasing proposals (Japanese version of PEO) in addition to temporary staffing.
- Achieved full-term profitability as of this period.

Sales Strategy —Smart Communications—

Net sales



Operating Income



The company was included in the scope of consolidation as of January 1, 2009.

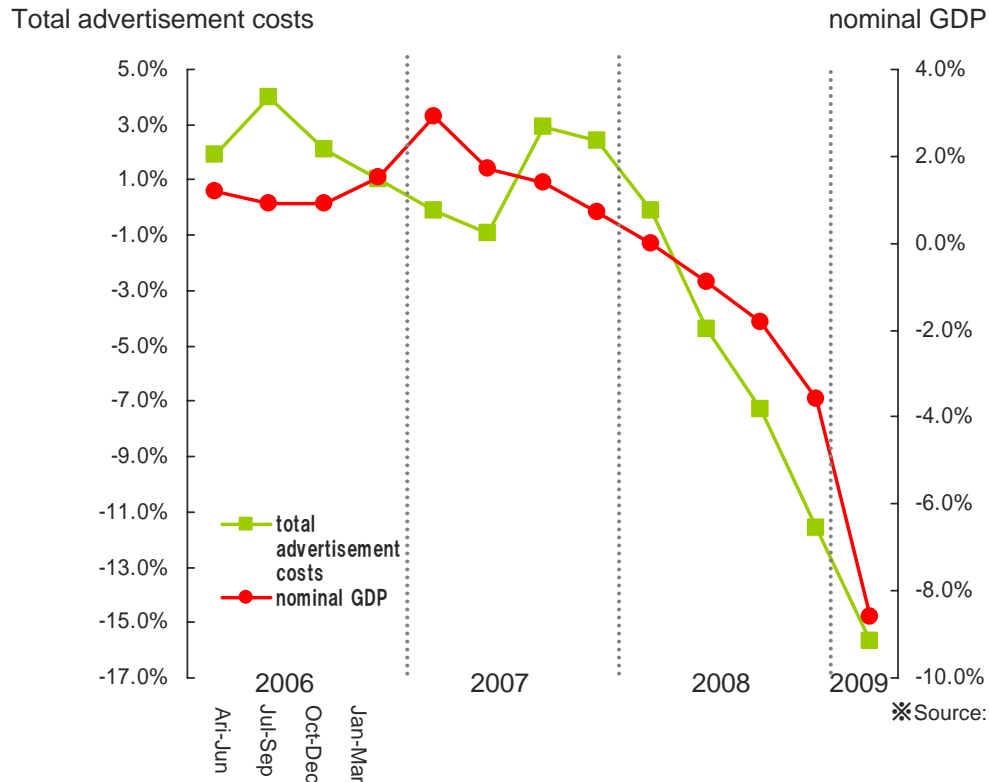
- **Market Research:** Mystery shopper and store research conducted in order to improve CS/ES on the sales floor.
- Add value to the sales promotion segment of the Backs Group by incorporating market research, thereby differentiating the Group from competitors.
- Achieved profitability as of the previous period.

Trend in the Advertising Markets

- Decrease in total advertisement costs in Japan as a result of the sharp decline in the global economy.

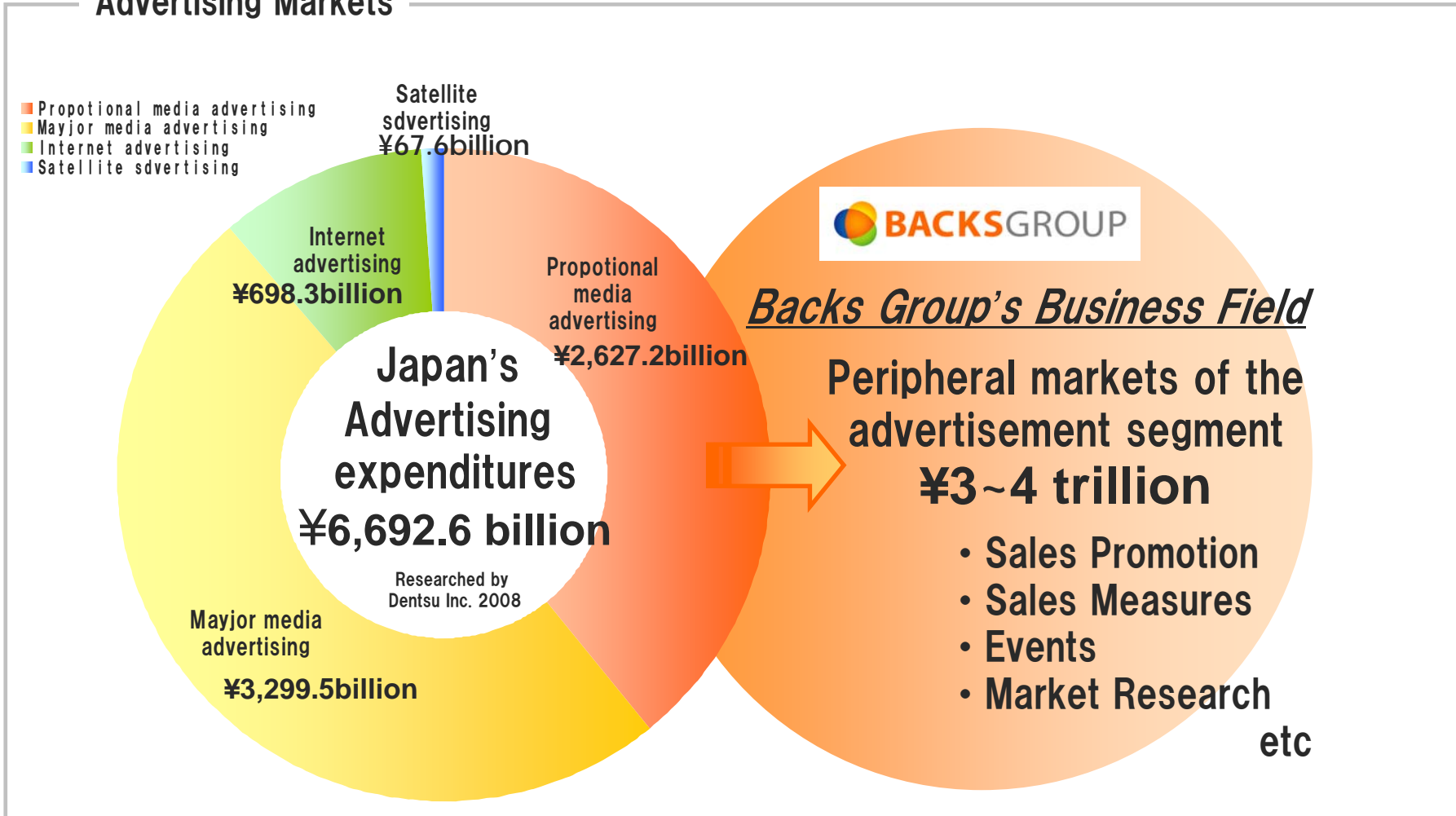
【Year-on-year changes in total advertisement costs and nominal GDP】

The nominal GDP for fiscal year ending March 2009 fell 8.6% year on year. The total advertisement costs for the period fell 15.7% year on year.



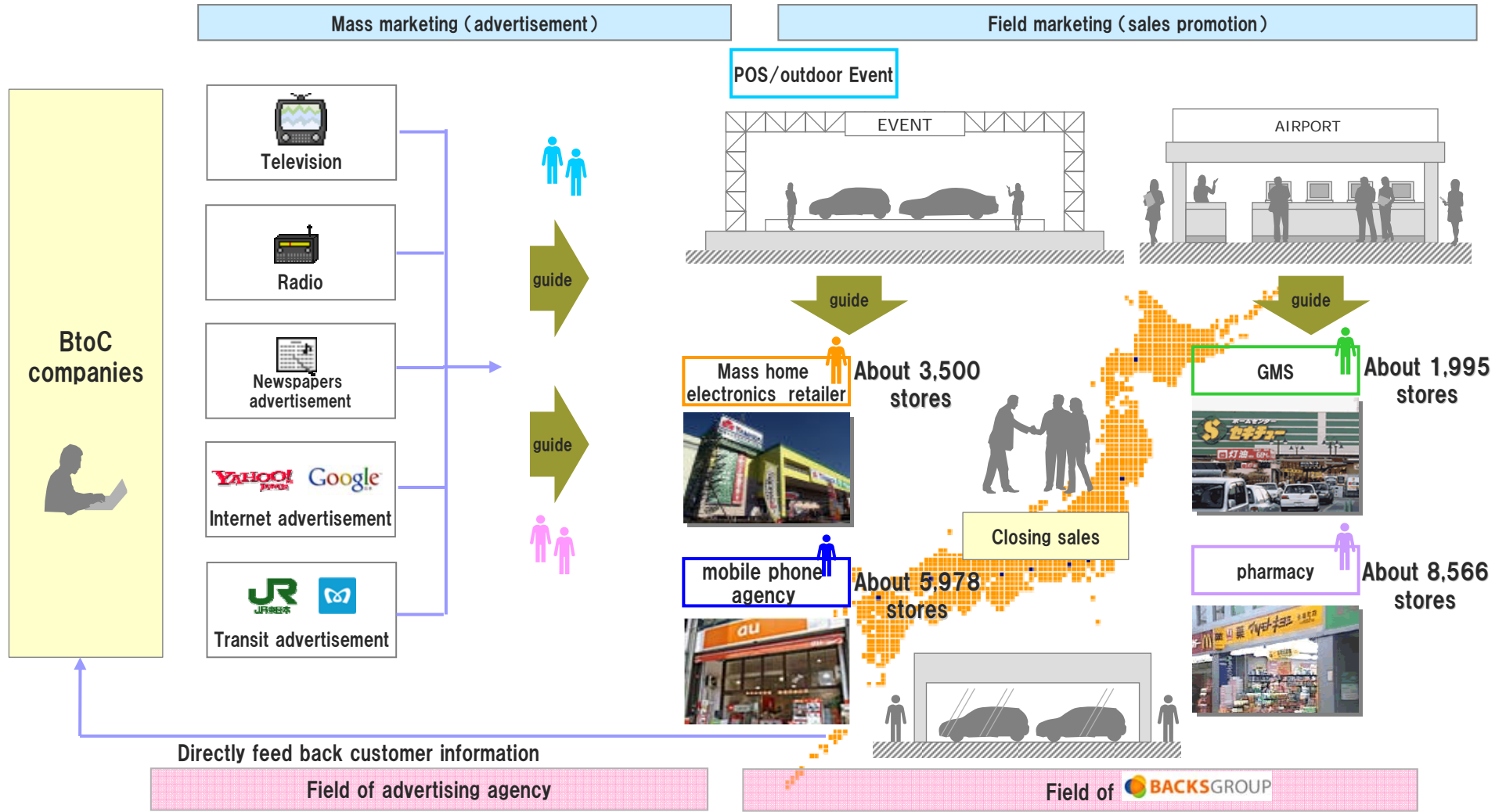
Trend in the Advertising Markets

Advertising Markets



*Source : Dentsu Inc, 『Japan's advertising (2008) 』

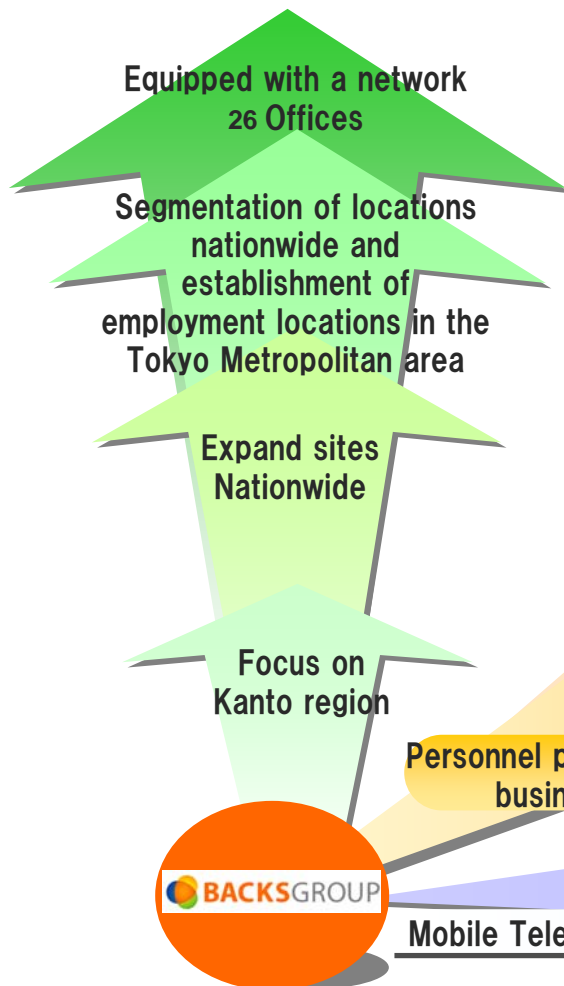
Industry Outlook: Advertising and SP industries



◆ Reduction of advertising budget: mounting client need for SP that produces visible results

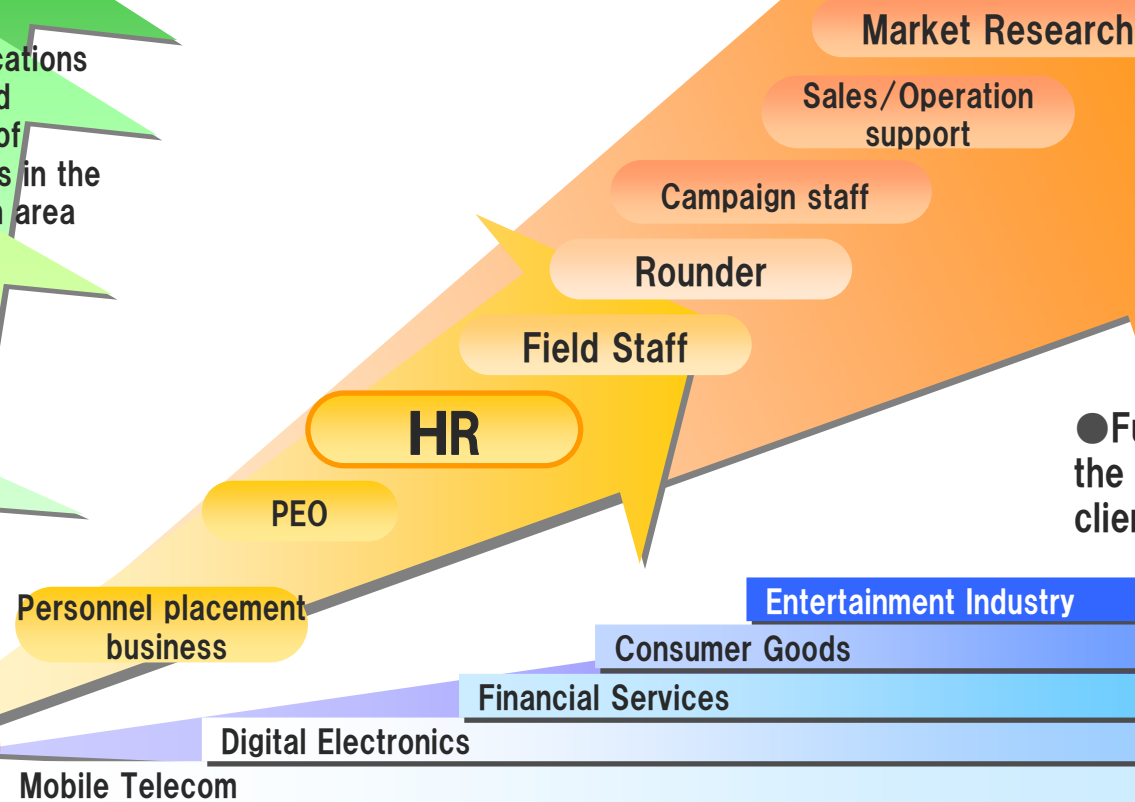
Revision of sales strategy

● Build a national network



- Selection and concentration of service domain
- Compatible with the type of compliance that is unique to the industry

Field Marketing



- Further cultivation of the industries of existing clients



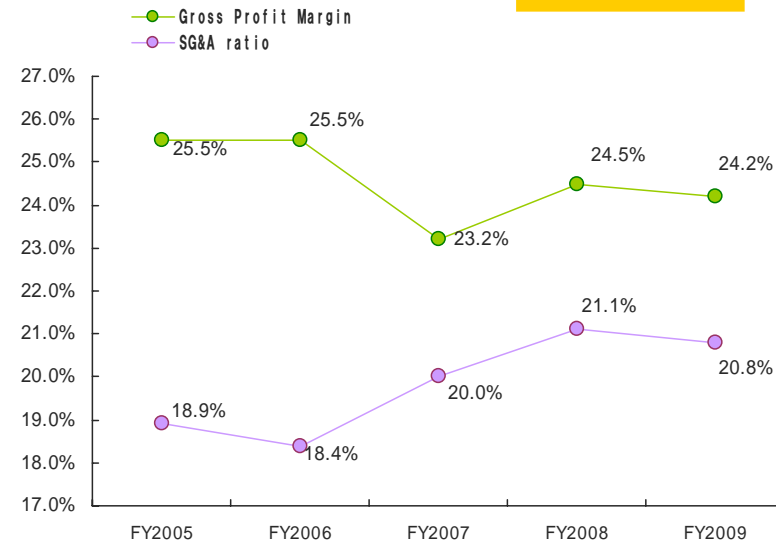
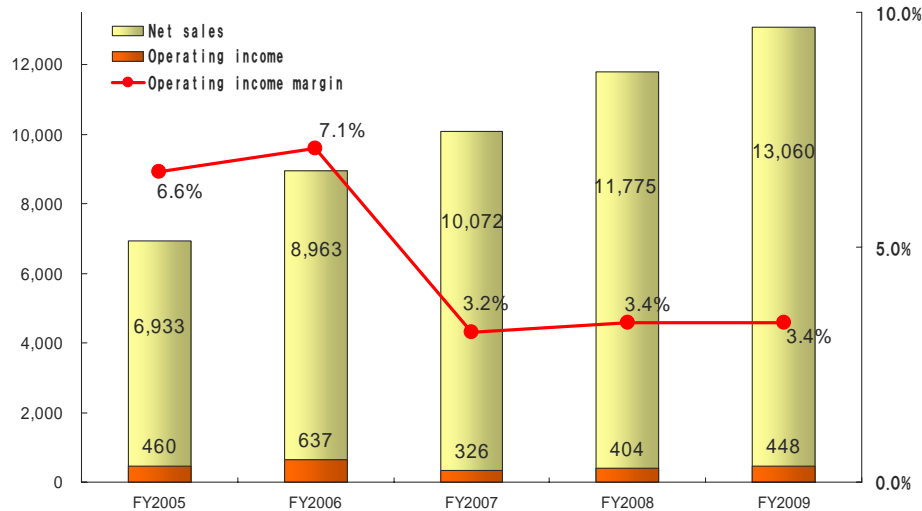
References



Performance Trends

[Unit: million of yen]

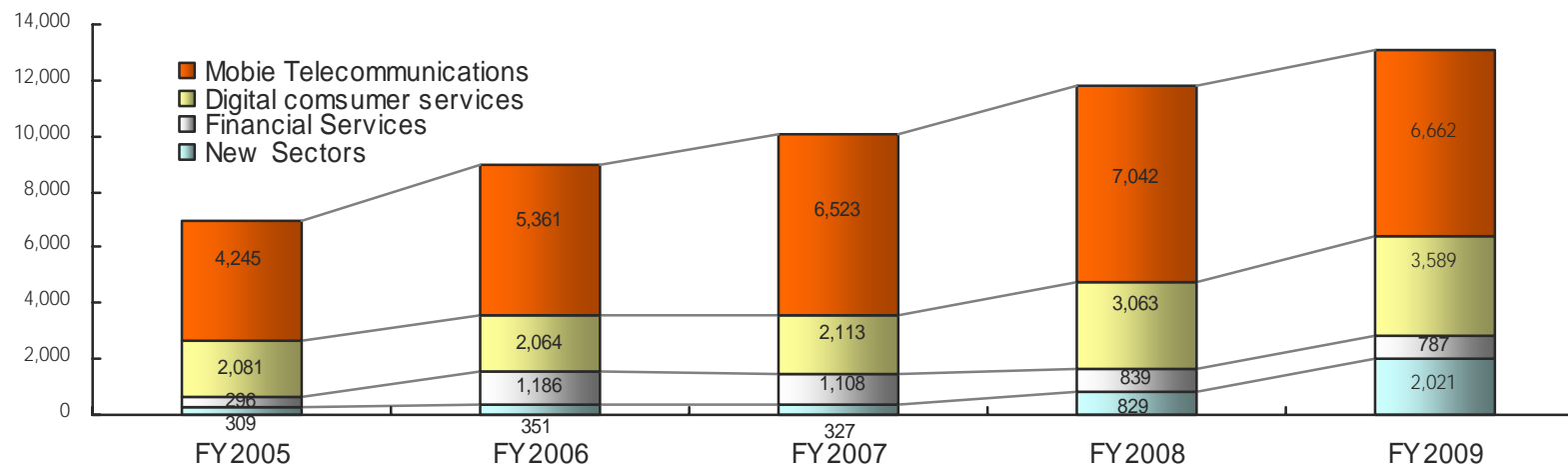
	FY2005	FY2006	FY2007	FY2007	FY2009
Net Sales	6,933	8,963	10,072	11,775	13,060
Gross Profit	1,769	2,283	2,338	2,883	3,163
(Gross Profit Margin)	(25.5%)	(25.5%)	(23.2%)	(24.5%)	(24.2%)
(SG&A ratio)	(18.9%)	(18.4%)	(20.0%)	(21.1%)	(20.8%)
Operating Income	460	637	326	404	448
(Operating Income margin)	(6.6%)	(7.1%)	(3.2%)	(3.4%)	(3.4%)
Ordinary Income	457	637	319	401	447
Net Income	258	371	179	210	177



Sales by Customer Segment

【Unit: million of yen】

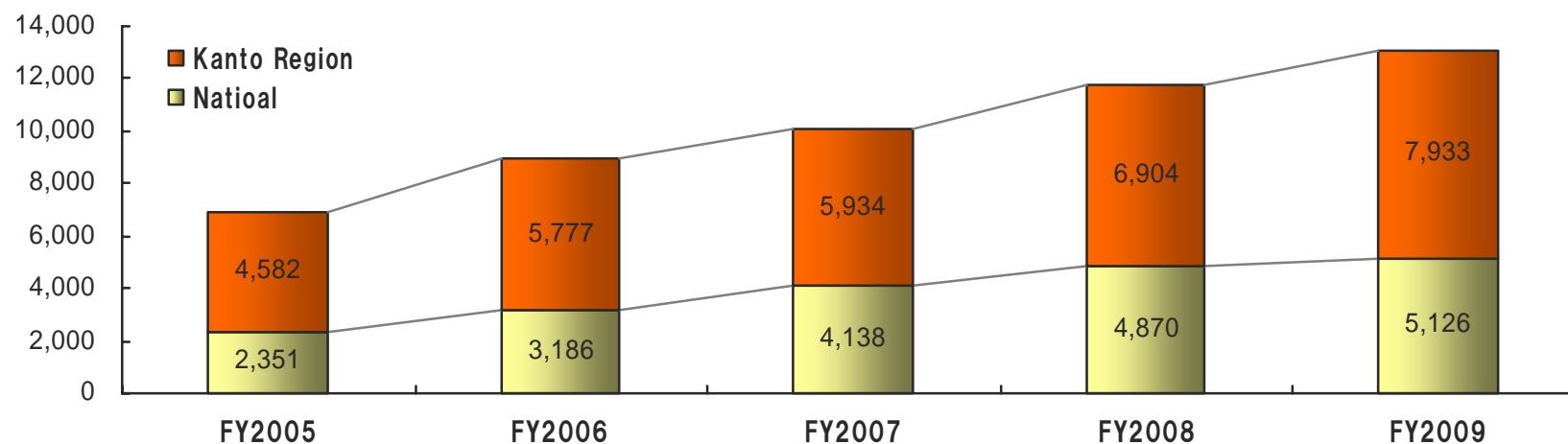
		FY2005	FY2006	FY2007	FY2008	FY2009
Mobile Telecommunications	Net Sales	4,245	5,361	6,523	7,042	6,662
	Share	61.2%	59.8%	64.8%	59.8%	51.0%
Digital consumer electronics	Net Sales	2,081	2,064	2,113	3,063	3,589
	Share	30.0%	23.0%	21.0%	26.0%	27.5%
Financial Services	Net Sales	296	1,186	1,108	839	787
	Share	4.3%	13.2%	11.0%	7.1%	6.0%
New Sectors	Net Sales	309	351	327	829	2,021
	Share	4.5%	4.0%	3.3%	7.0%	15.5%



Sales by Geographic Region

【Unit: million of yen】

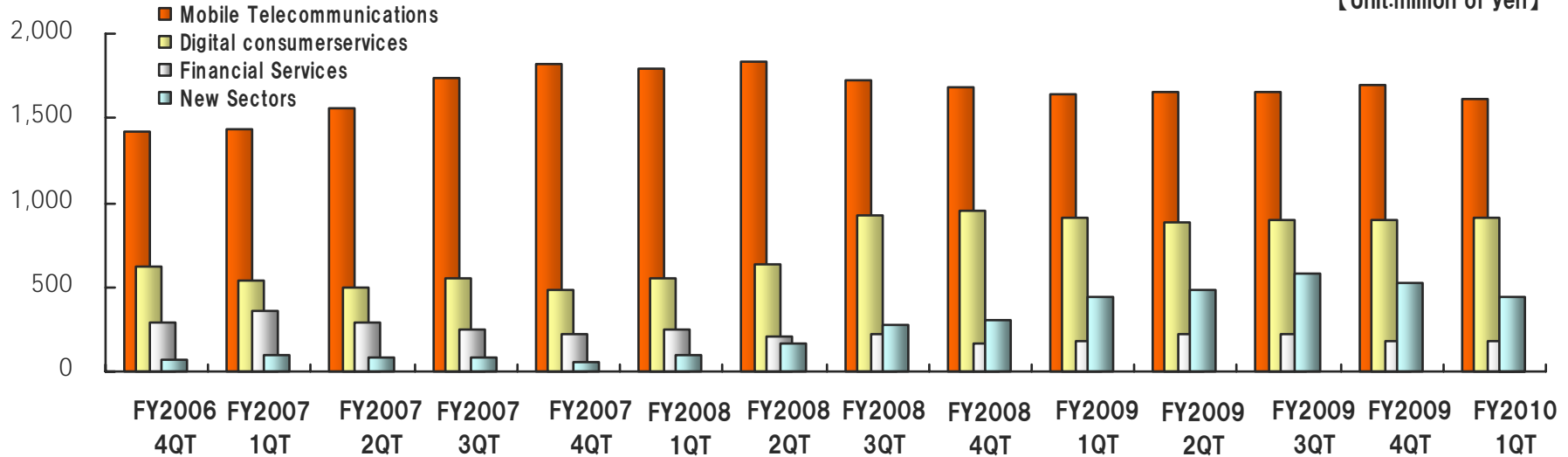
		FY2005	FY2006	FY2007	FY2008	FY2009
Kanto Region	Net Sales	4,582	5,777	5,934	6,904	7,933
	Share	66.1%	64.5%	58.9%	58.6%	60.7%
	Offices	(6)	(9)	(9)	(13)	(13)
National (excluding Kanto)	Net Sales	2,351	3,186	4,138	4,870	5,126
	Share	33.9%	35.5%	41.1%	41.4%	39.3%
	Offices	(11)	(13)	(14)	(20)	(17)



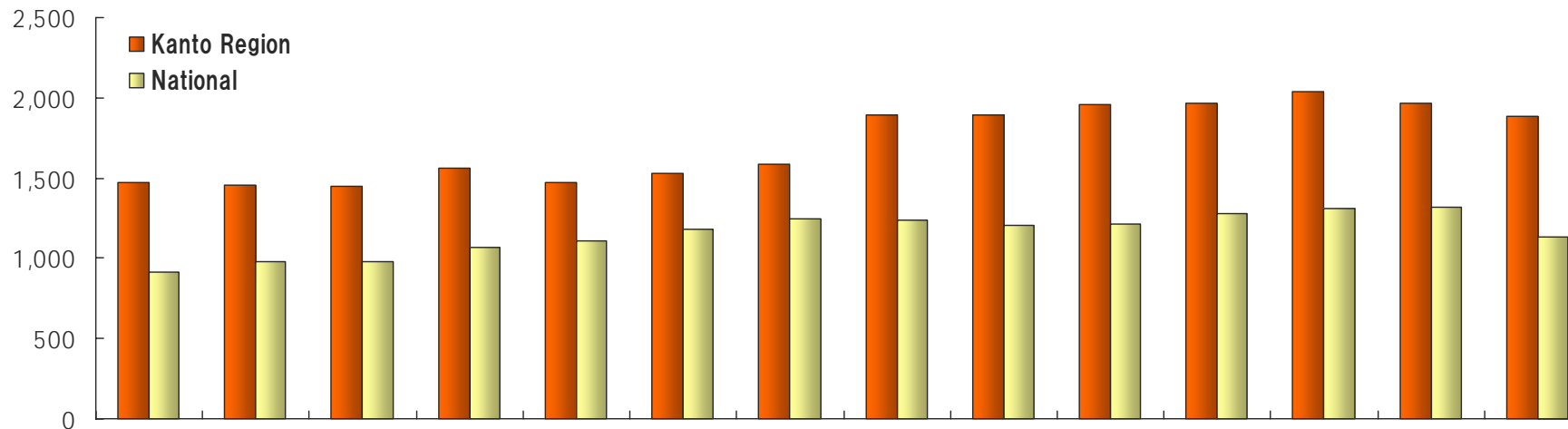
Quarterly Trends In Sales—by Customer Segment and Region

Sales by Customer Segment

[Unit: million of yen]



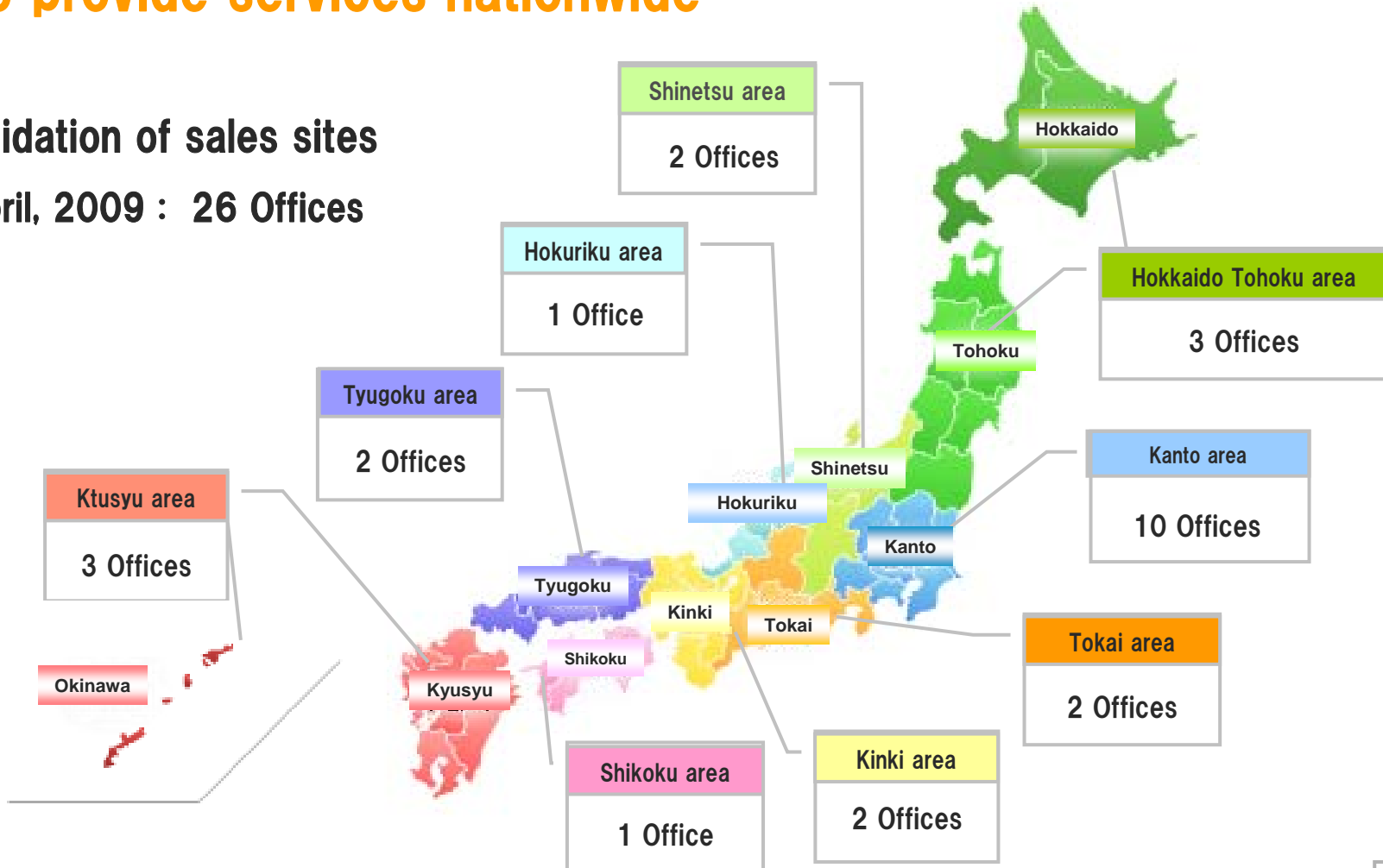
Sales by Geographic Region



Sales sites

Able to provide services nationwide

- Consolidation of sales sites
- As of April, 2009 : 26 Offices



Consolidated Cash Flows

【Unit: million of yen】	FY2009 1Q	FY2010 1Q	Y on Y	Changing Factors
Cash flows from operating activities	△32	111	—	
Cash flows from investing activities	△24	△13	—	This is due mainly to an expenditure of ¥9 million in acquisition of investment securities.
Cash flows from financing activities	△28	△28	—	The payments as dividend payment.
Cash and cash equivalents at the end of the period	743	1,042	+40.2%	
Change in Cash and Cash Equivalents	△85	69	—	

Consolidated Statement of Cash Flows

【Unit: million of yen】	FY2005	FY2006	FY2007	FY2008	FY2009
Cash flows from operating activities	328	342	247	-14	346
Cash flows from investing activities	-64	-101	-78	-112	-31
Cash flows from financing activities	42	-92	79	-518	-169
Cash and cash equivalents at the end of the period	1,078	1,226	1,474	828	973
Change in cash equivalents at the end of the period	+306	+147	+248	-646	145

Sales and Profits Trends—by Group Company

【Unit: million of yen】

		FY2009 1Q	FY2010 1Q	Y on Y
Backs Group	Net sales	3,085	2,849	-7.6%
	Gross Profit	789	669	-15.2%
	Operating Income	101	68	-32.7%
Entertainment Commons	Net sales	119	165	+38.7%
	Gross Profit	13	21	+61.5%
	Operating Income	-11	1	-
Smart Communications	Net sales	-	12	-
	Gross Profit	-	5	-
	Operating Income	-	2	-

※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

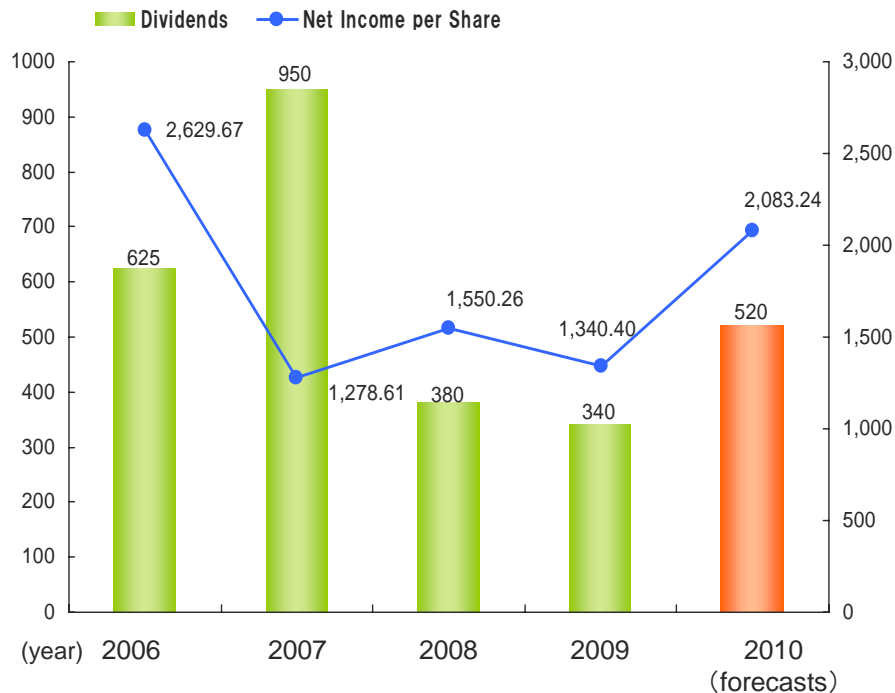


Shareholder Breakdown by Segment

Shareholder Segment	FY2008				FY2009 Interim				FY2009			
	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	3	0.05	9,900.00	6.67	4	0.07	12,575.00	8.47	3	0.05	1,686	1.14
Insurance/Non-life 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	0.05	1,882.00	1.27	3	0.06	6,832.00	4.60	2	0.04	1,846	1.24
Securities companies	18	0.29	2,331.00	1.57	13	0.23	5,534.00	3.72	18	0.32	1,897	1.28
Other corporations	40	0.64	12,508.00	8.42	32	0.59	11,822.00	7.96	34	0.61	12,389	8.34
Foreign corporations	18	0.29	1,213.00	0.82	15	0.28	1,947.00	1.31	8	0.14	257	0.17
Individual / others	6,205	98.68	106,140.00	71.47	5,359	98.75	95,264.00	64.14	5,549	98.82	107,899	72.65
Treasury stock	1	0.02	14,541.00	9.79	1	0.02	14,541.00	9.79	1	0.02	22,541	15.18
Total	6,288	100.00	148,515.00	100.00	5,427	100.00	148,515.00	100.00	5,615	100.00	148,515.00	100.00
Big shareholders	10	0.15	56,406.00	37.98	10	0.18	66,227.00	44.59	10	0.17	51,088	34.39
Fund	1	0.01	1,700.00	1.14	2	0.03	3,575.00	2.40	2	0.03	1,186	0.79
Floating stocks	5,999	95.40	40,244.00	27.09	5,186	95.55	34,144.00	22.99	5,331	94.94	35,428	23.85
Special socks	15	0.23	71,737	48.30	16	0.29	81,423.00	54.82	16	0.28	74,589	50.22

Dividend Policy

【Unit : yen】



【FY2009】

- Total amount of dividends: approximately 42 million yen annually
- Dividends per share: approximately 340 yen annually

【FY2010】

- Total amount of dividends (forecasts): approximately 65 million of yen annually
- Dividends per share (forecasts): approximately 520 yen annually

【Basic policy】

- Holding the returning of profit to shareholders as a management task, the Company will maintain sustained payment of dividends, while ensuring sufficient internal reserves for the improvement of its finances and promotion of corporate growth.
- Determine the amount of dividends, aiming for a payout ratio of 25% and taking the Company's performance into consideration.

Forward-Looking Statements

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