

BACKS GROUP Inc.

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

November 5, 2009



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Results Highlights

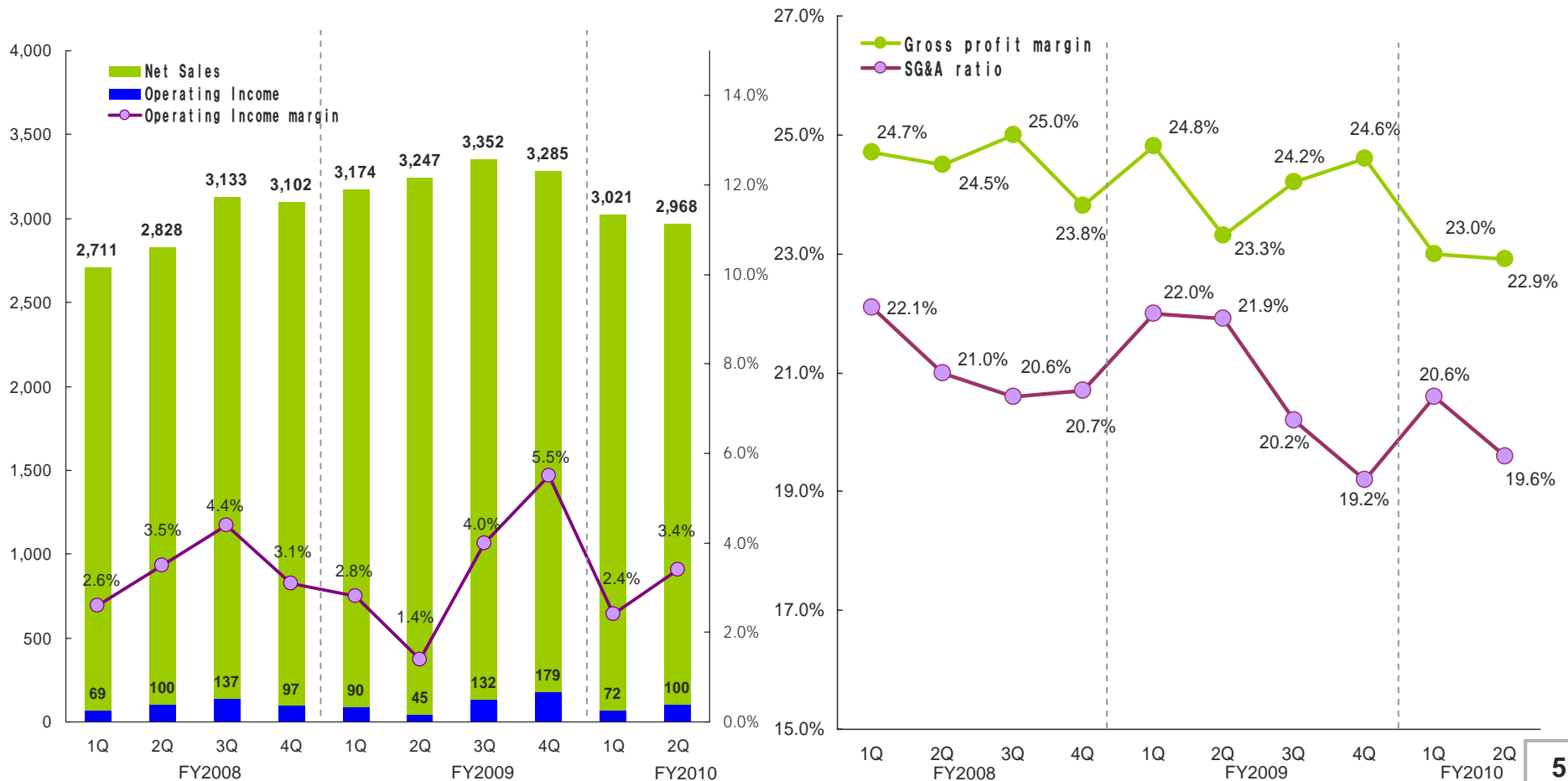


FY2010 Interim Results Highlights

【Unit : million of yen】	FY2009 2Q	FY2010 2Q	Y on Y
N e t S a l e s	6,421	5,989	-6.7%
G r o s s P r o f i t	1,543	1,375	-10.9%
(Gross profit margin)	(24.0%)	(23.0%)	-1.0ppts
(S G & A r a t i o)	(21.9%)	(20.1%)	-1.8ppts
O p e r a t i n g I n c o m e	135	173	+27.5%
(Operating income margin)	(2.1%)	(2.9%)	+0.8ppts
O r d i n a r y I n c o m e	135	174	+29.3%
N e t I n c o m e	13	94	+602.1%

Profitability – Quarterly Basis

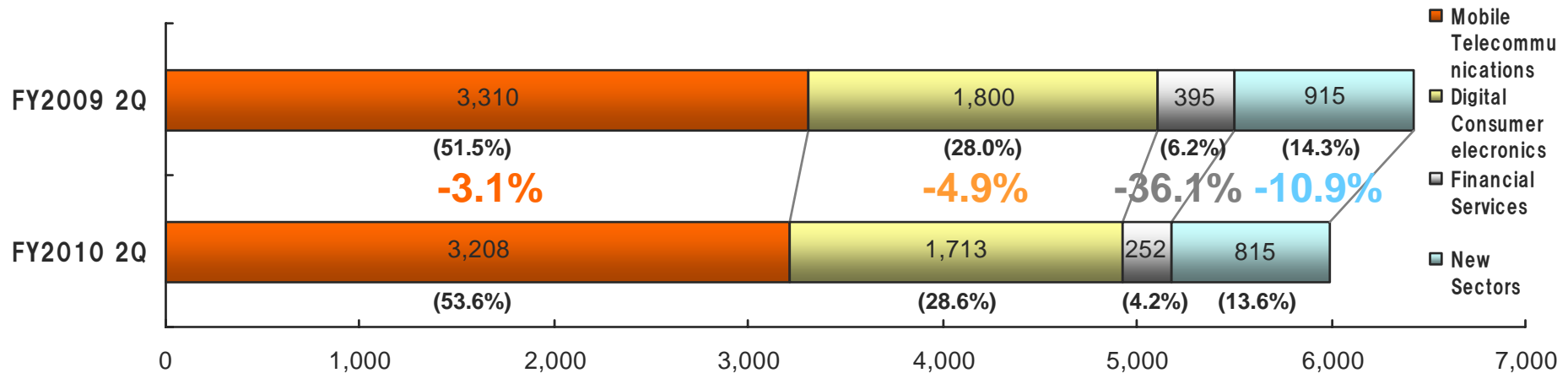
- **Gross profit margin:** Fell 0.4 points year on year due to an increase in the percentage of temporary staffing and a decrease in campaign-related demand.
- **SG & A ratio** : Improved 1.8 points year on year through the consolidating and abolishing of subsidiaries and business sites and reduction of recruitment media cost.



Sales by Customer Segment

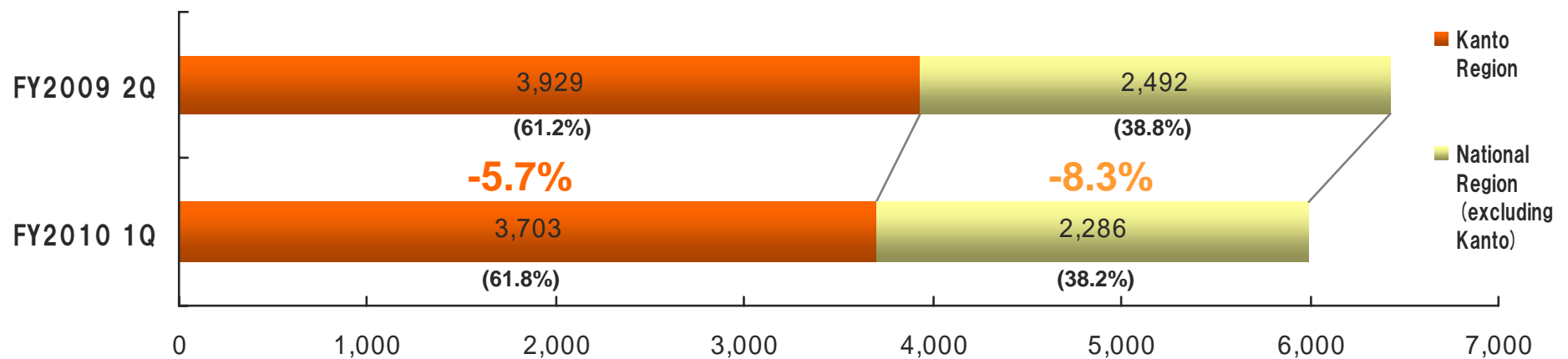
【Unit : Million of yen】

	FY2009 2Q	Share	FY2010 2Q	Share	Y on Y
M o b i l e Telecommunications	3,310	51.5%	3,208	53.6%	-3.1%
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	1,800	28.0%	1,713	28.6%	-4.9%
F i n a n c i a l S e r v i c e s	395	6.2%	252	4.2%	-36.1%
N e w S e c t o r s	915	14.3%	815	13.6%	-10.9%



Sales by Geographic Region

[Unit : million of yen]	FY2009 2Q	Share	FY2010 2Q	Share	Y on Y
Kanto Region	3,929	61.2%	3,703	61.8%	-5.7%
(o f f i c e s)	(15)		(11)		(-4)
National (excluding Kanto)	2,492	38.8%	2,286	38.2%	-8.3%
(o f f i c e s)	(21)		(15)		(-6)



Overview of Business Segment

	FY2009 2Q	FY2010 2Q	Y on Y
【Unit : million of yen】			
Net Sales	2,726	2,212	-18.8%
(Share)	(42.5%)	(36.9%)	
Operating Income	129	117	-8.7%
(Operating margin)	(4.7%)	(5.3%)	+0.6ppts
Net Sales	3,695	3,777	+2.2%
(Share)	(57.5%)	(63.1%)	
Operating Income	130	188	+44.5%
(Operating margin)	(3.5%)	(5.0%)	+1.5ppts

Outsourcing

Temporary Staffing

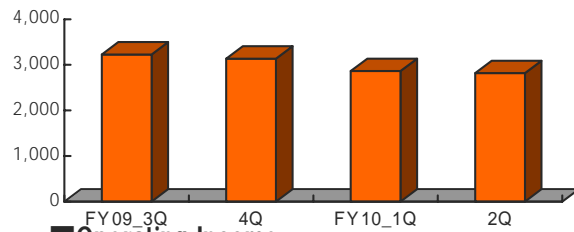
Overview of Group

Net sales	FY2009 2Q	FY2010 2Q	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)	6,202	5,649	-8.9%
E n t e r t a i n m e n t C o m m o n s	282	326	+15.6%
S m a r t C o m m u n i c a t i o n s	-	27	-

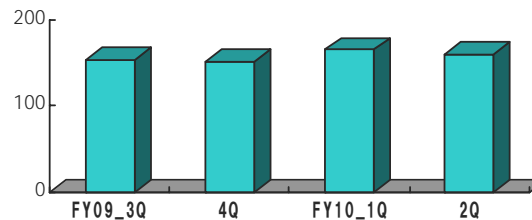
Net sales

[Unit : million of yen]

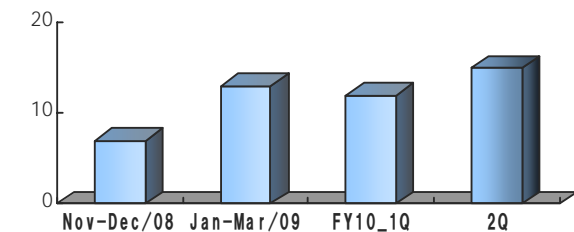
Backs Group(non-consolidated)



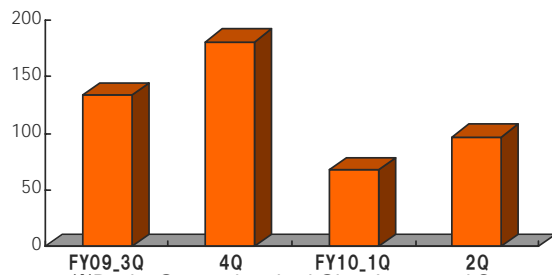
Entertainment Commons



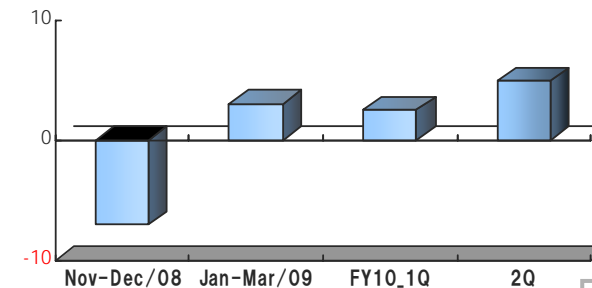
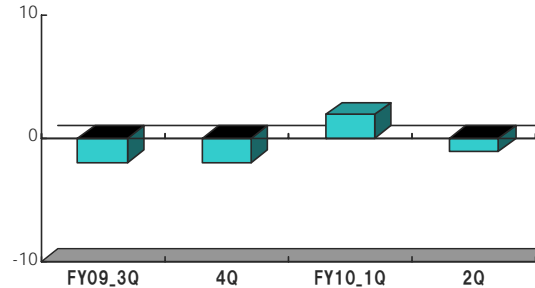
Smart Communications



Operating Income



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

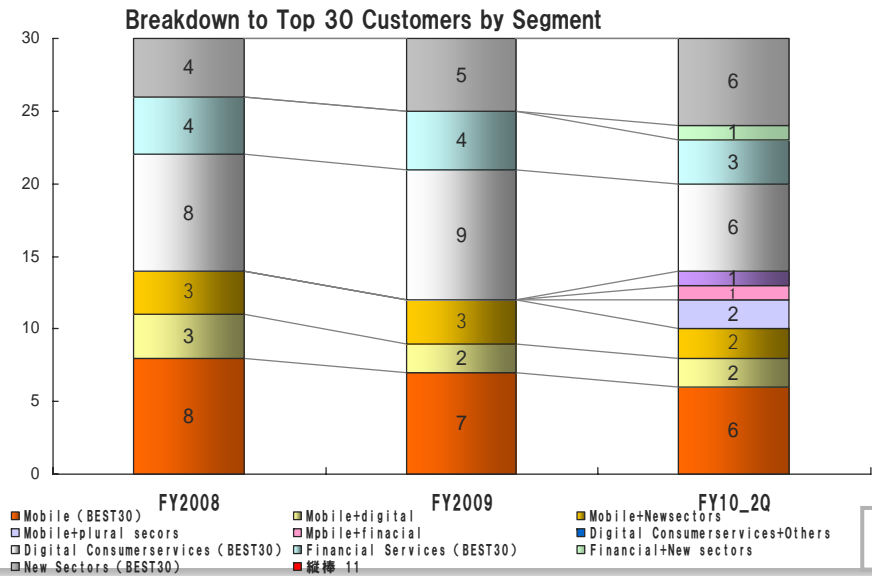
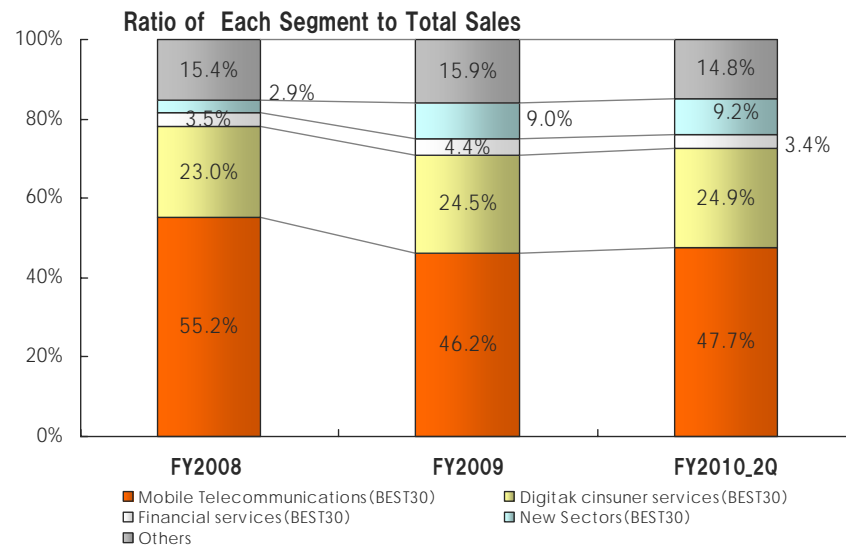


※The company was included in the scope of consolidation as of January 1, 2009.

Top 30 Customers -Sales

【Unit : million of yen】	FY2008			FY2009			FY2010_2Q			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	2,856	47.7%	13	-5.0%
Digital consumer services	2,706	23.0%	11	3,201	24.5%	12	1,492	24.9%	11	-4.8%
Financial Services	413	3.5%	4	572	4.4%	4	206	3.4%	5	-28.7%
New Sectors	345	2.9%	7	1,176	9.0%	8	548	9.2%	12	-8.4%
Top Thirty Total	9,967	84.6%	30	10,986	84.1%	30	5,103	85.9%	30	-5.0%
Others	1,807	15.4%	409	2,073	15.9%	451	886	14.8%	263	-15.7%
Total	11,775	100.0%	439	13,060	100.0%	481	5,989	100.0%	293	-6.7%

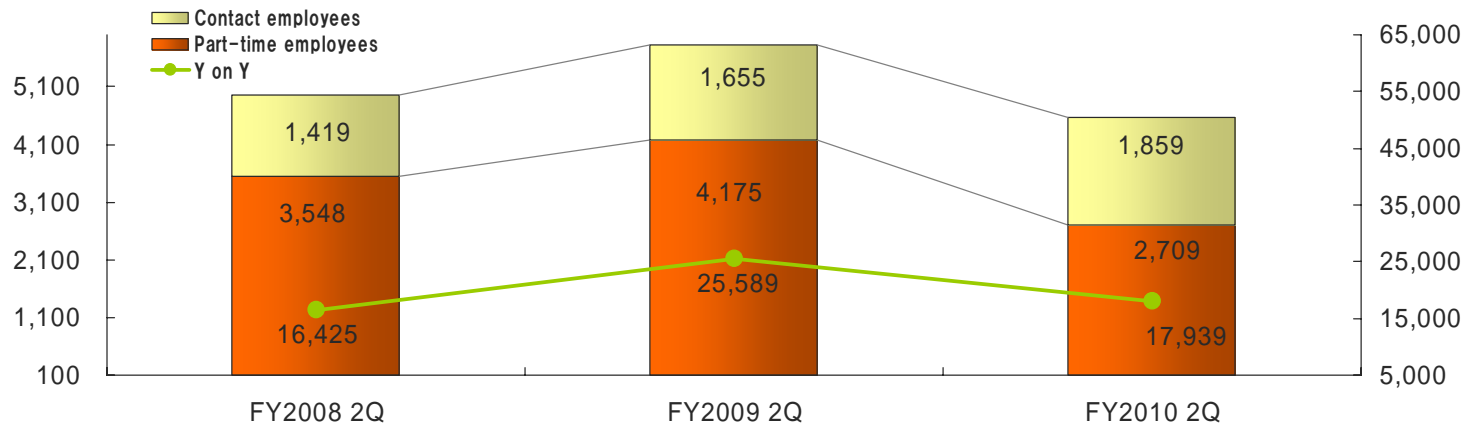
※The number of customers in each segment and the total number differ because customers in mobile and digital segments are included.



Number of Staff

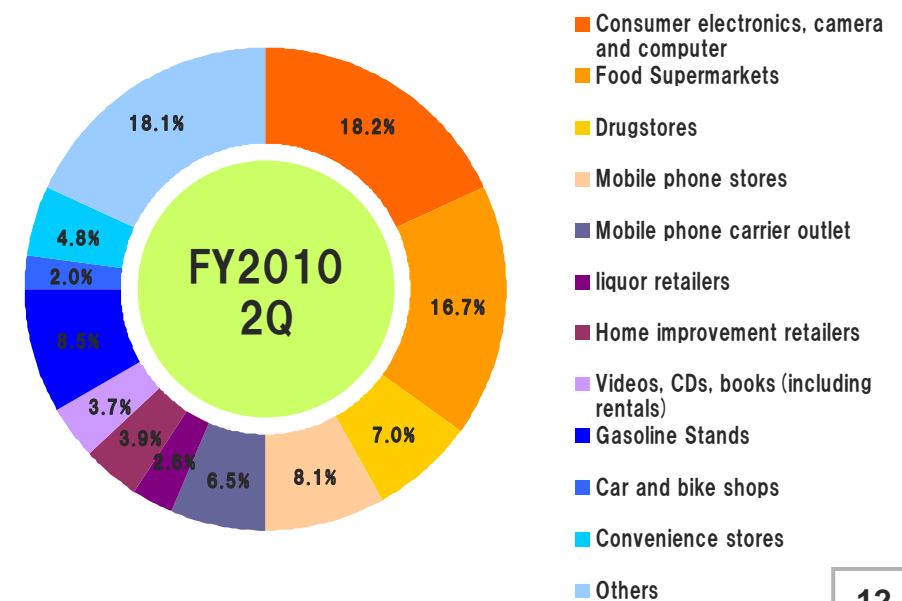
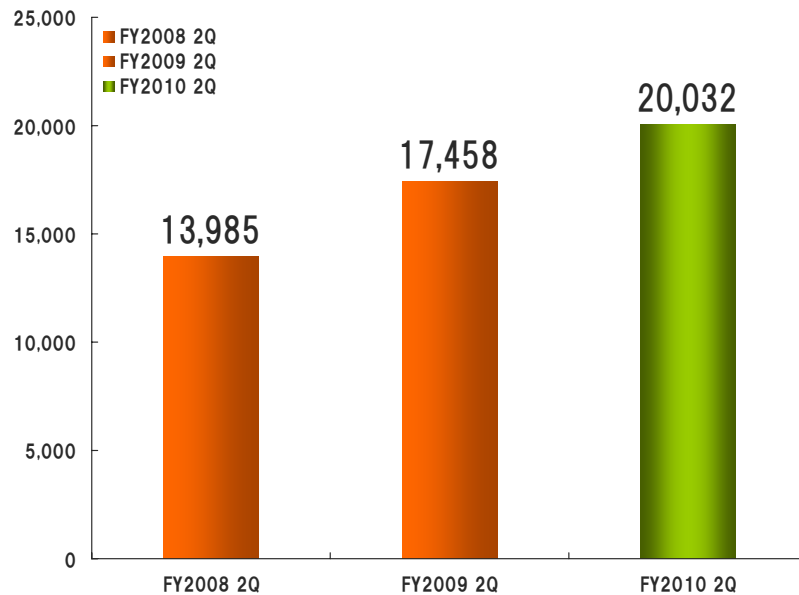
[UNIT: million of yen, person]

	FY2008 2Q	FY2009 2Q	FY2010 2Q
Active Staff (monthly average)	4,967	5,830	4,567
(Contact employees)	1,419	1,655	1,859
(Part-time employees)	3,548	4,175	2,709
Avg. sales amount per person	185	183	218
Registered staff	59,88	85,437	103,376
(Y on Y)	+16,425	+25,589	+17,939



Total number of stores serviced

	FY2008 2Q	FY2009 2Q	FY2010 2Q
Total number of stores	13,985	17,458	20,032
(Y on Y)	+2,583	+3,473	+2,574





Strategies



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	12,700	-2.8%
G r o s s P r o f i t	3,163	2,920	-7.7%
(Gross profit margin)	(24.2%)	(23.0%)	-1.2ppts
(S G & A r a t i o)	(20.8%)	(19.1%)	-1.7ppts
O p e r a t i n g I n c o m e	448	496	+10.7%
(Operating income margin)	(3.4%)	(3.9%)	+0.5ppts
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%

Measures for the Second Half

Undertakings for the Second Half

Internal Efforts

- Enhance staff education and training
- Acquire campaign-related projects in the financial segment
- Acquire blanket orders for nationwide or regional projects, which are highly convenient for customers

Improve net sales and profitability

- Increase per capita sales by retaining highly specialized staff
- Improve margin by increasing the percentage of outsourcing

Improve the gross margin

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.

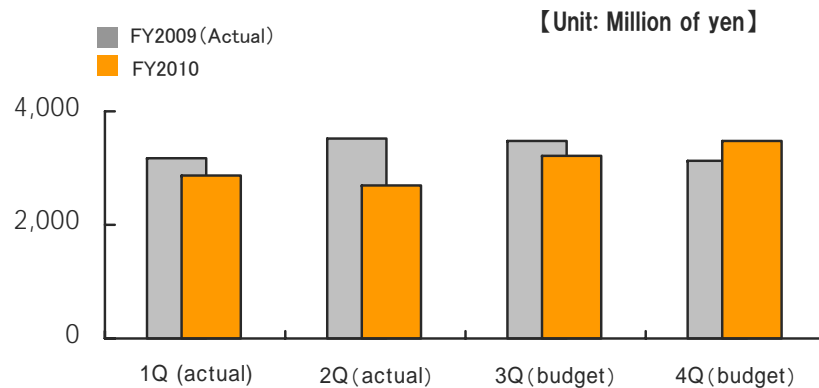
Thorough enforcement of compliance and improvement of staff treatment are the issues to be addressed.

[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.

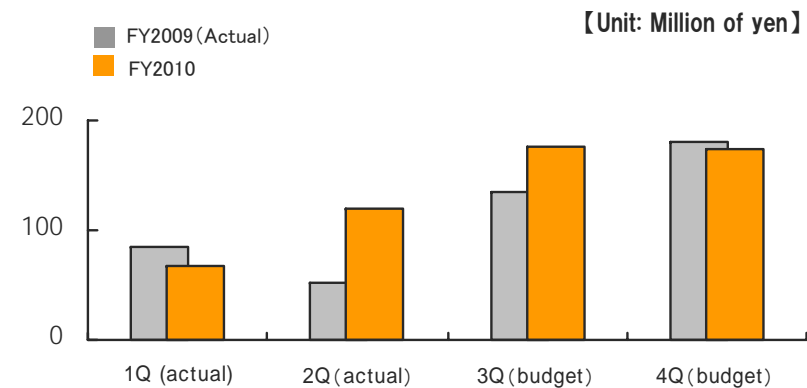
Sales Strategy —Backs Group (non-consolidated)—

Net sales



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

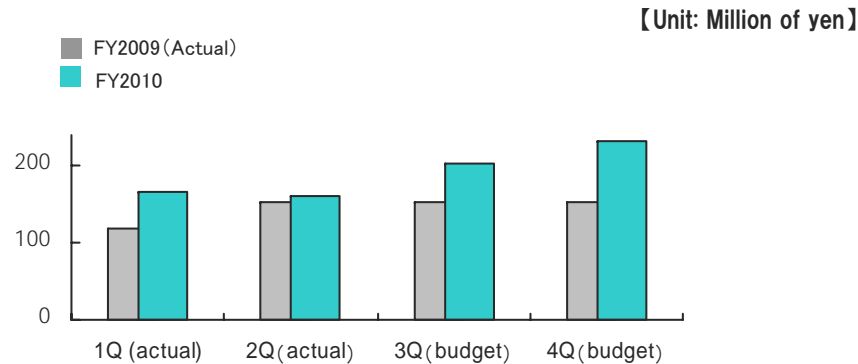
Operating Income



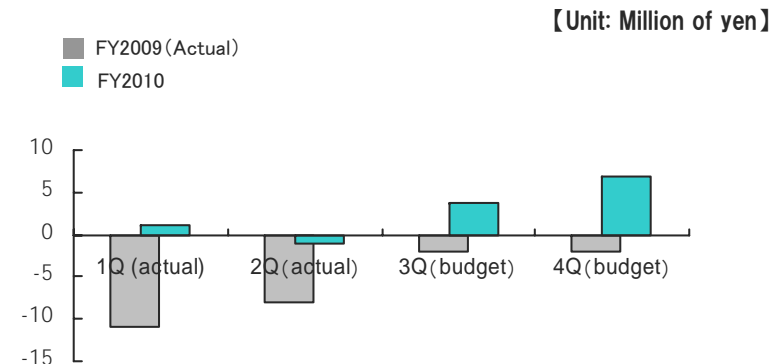
- Strengthen the Tohmeihan area.
- Enhance staff education and training.
- Orders for outsourcing (contract) projects.

Sales Strategy —Entertainment Commons—

Net sales



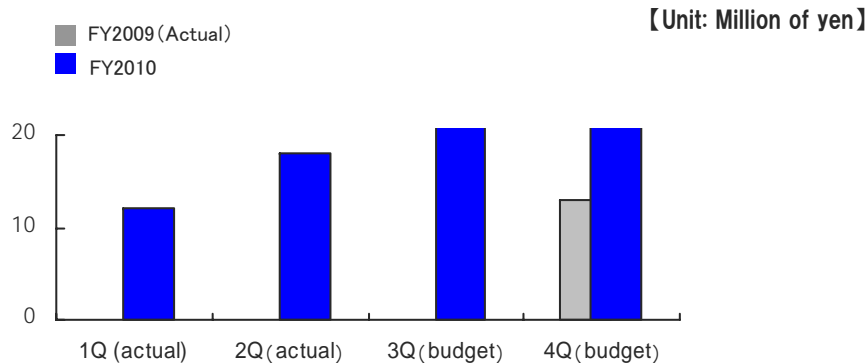
Operating Income



- **Begin full-scale expansion into the video and game industries.**
- **Commence efforts to support students aspiring to enter the music industry.**

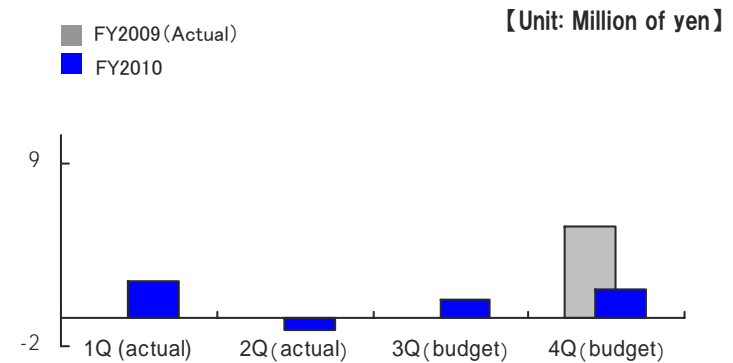
Sales Strategy —Smart Communications—

Net sales



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

Operating Income



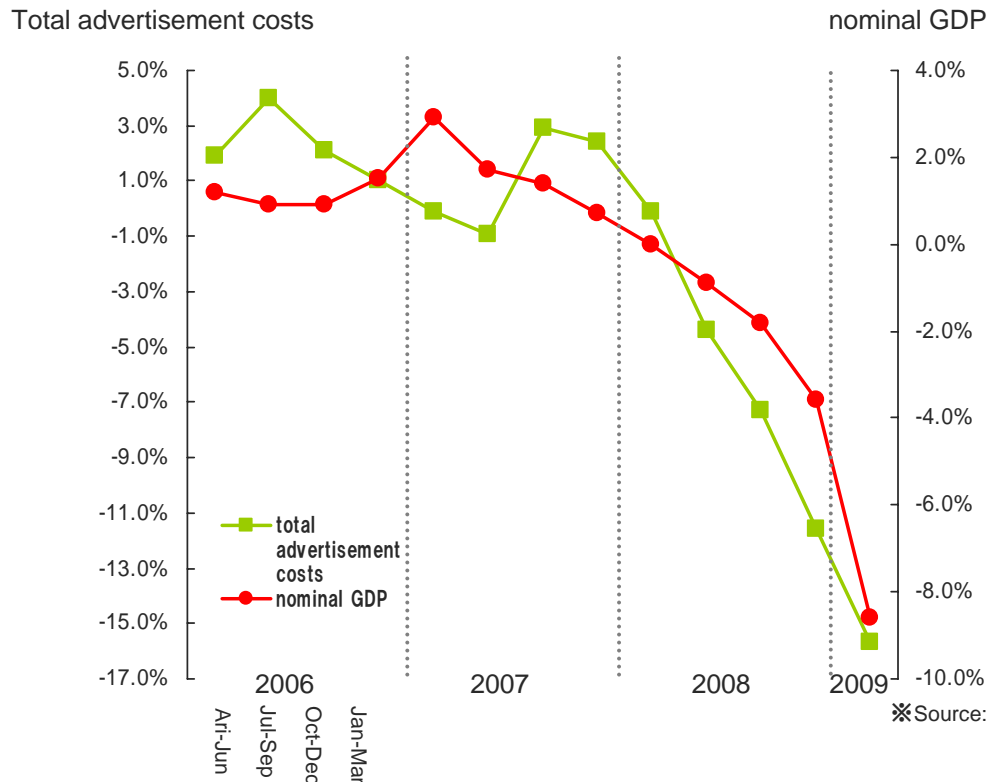
- Enhance the staffing structure to increase orders for mystery shopper projects.
- One-stop provision of everything from market research to effect verification.

Trend in the Advertising Markets

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

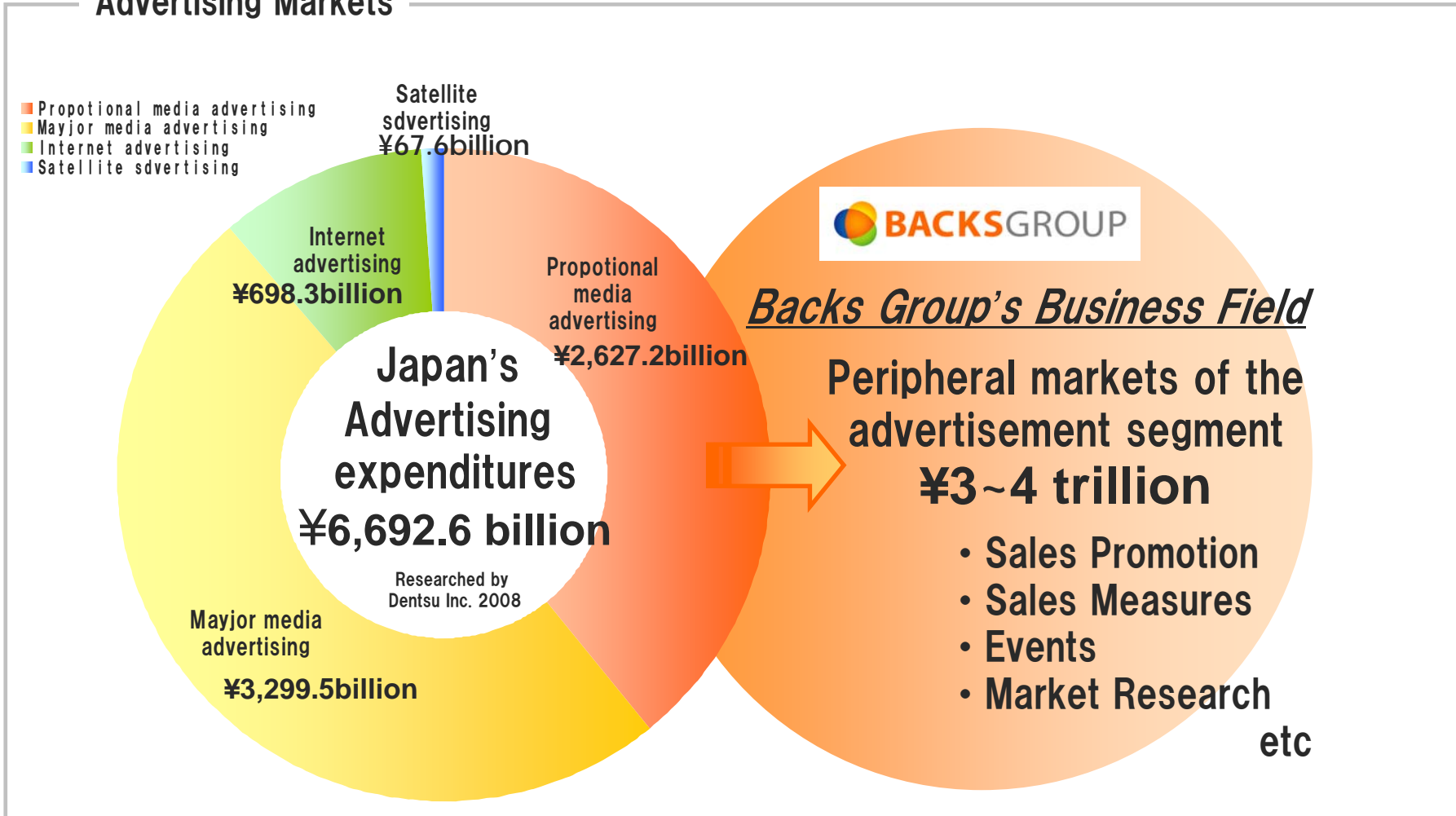
【Year-on-year changes in total advertisement costs and nominal GDP】

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.



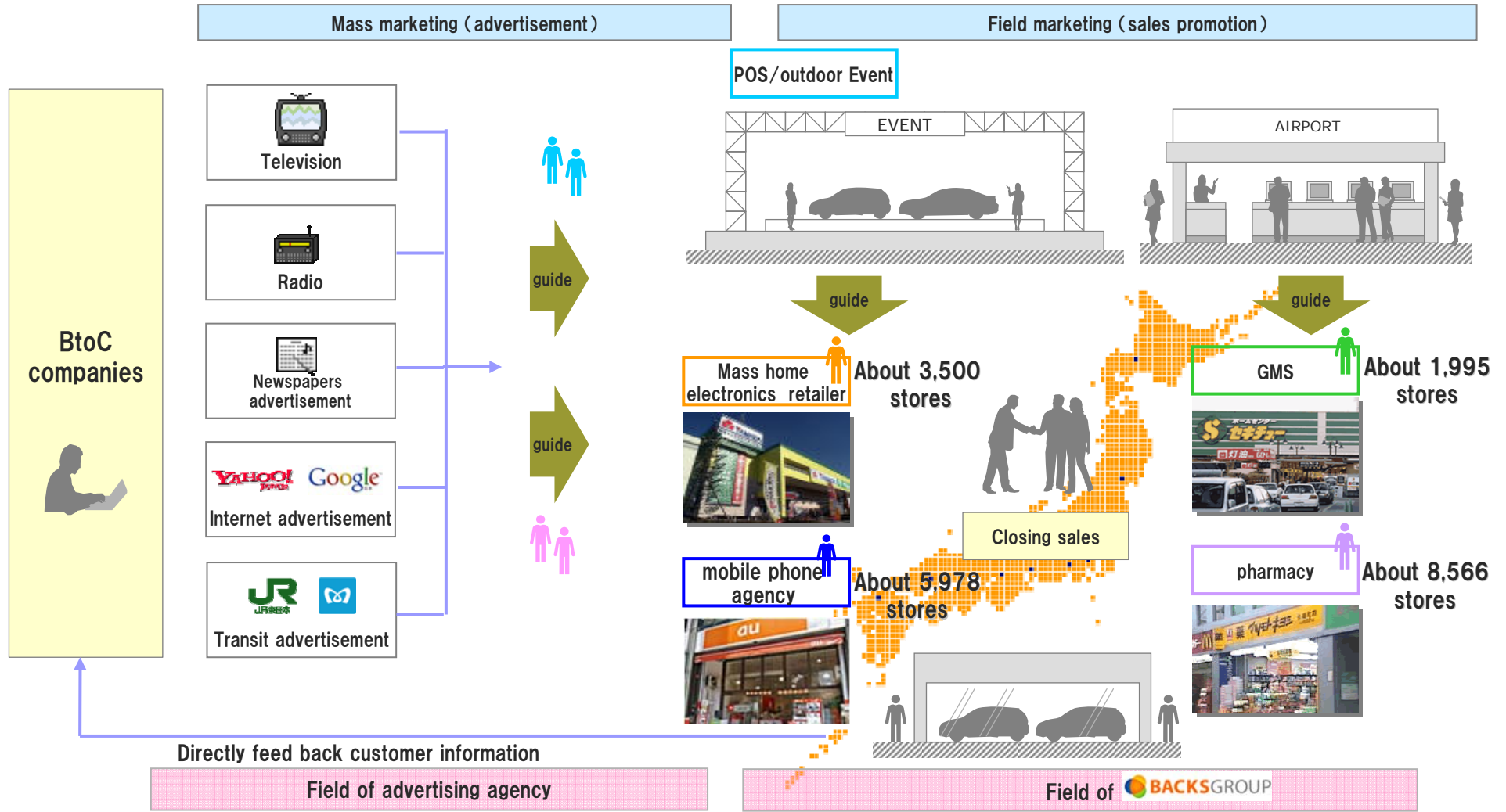
Trend in the Advertising Markets

Advertising Markets



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

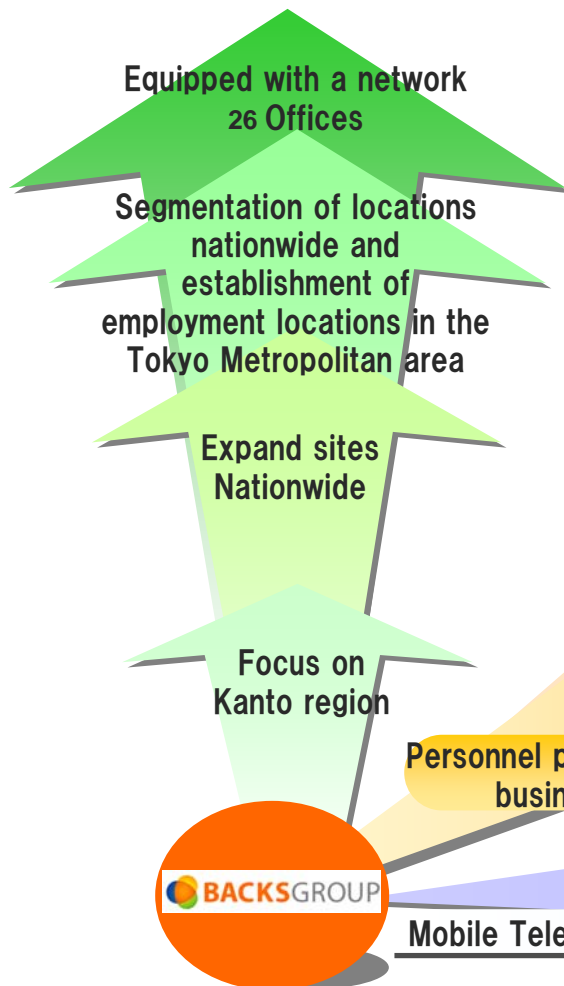
Industry Outlook: Advertising and SP industries



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

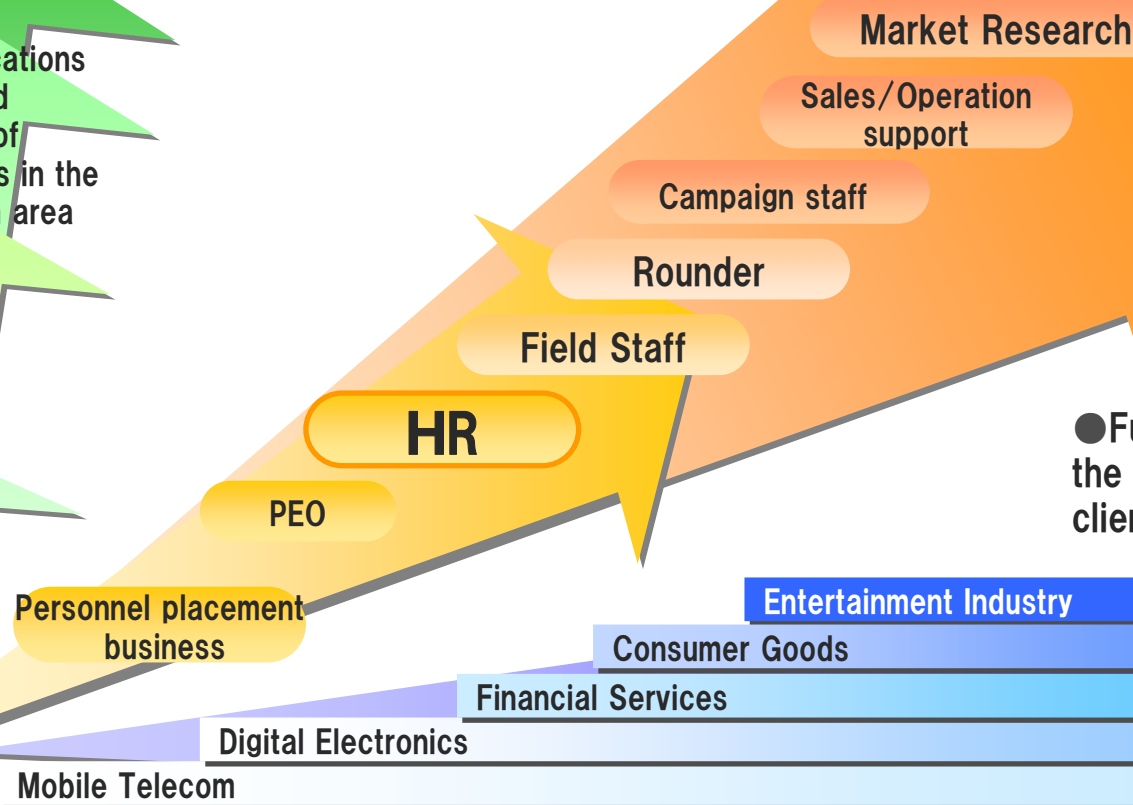
Revision of sales strategy

● 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



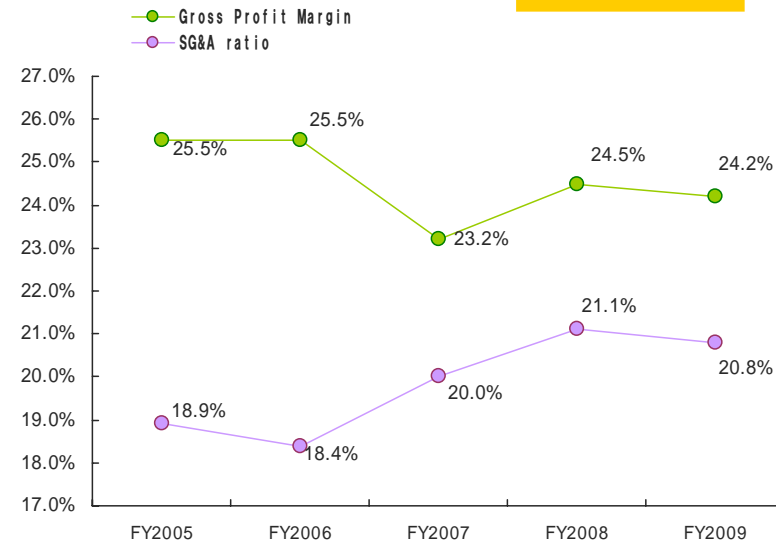
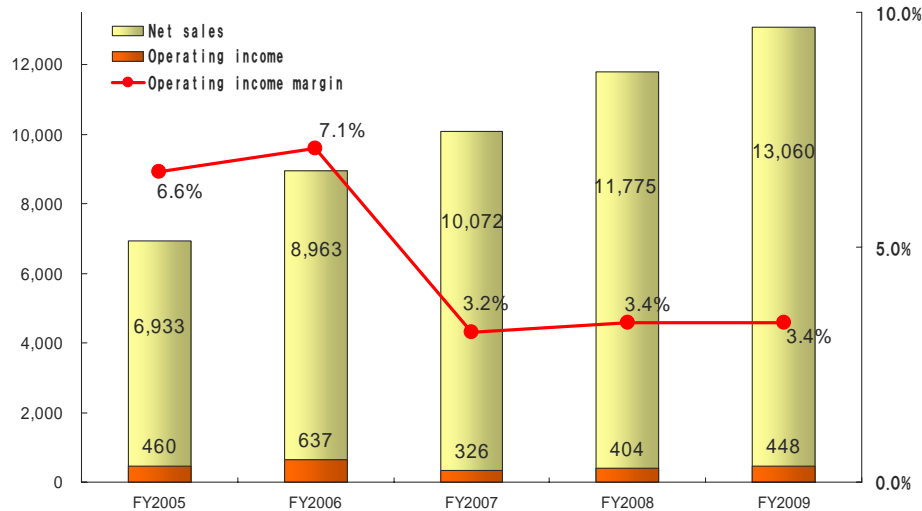
References



Performance Trends

[Unit: million of yen]

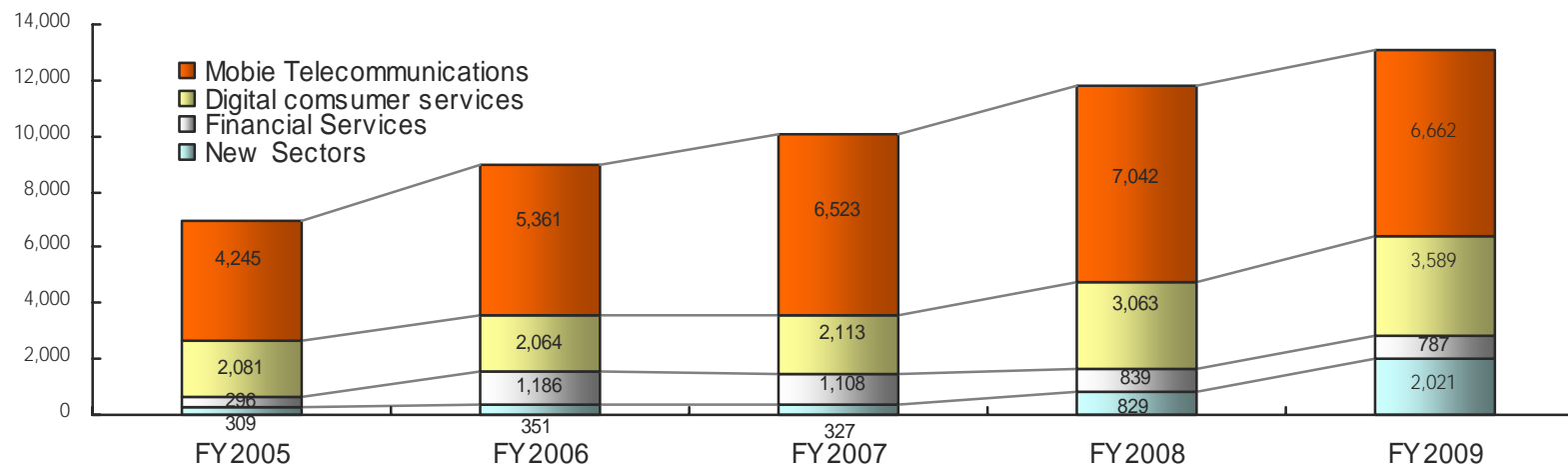
	FY2005	FY2006	FY2007	FY2007	FY2009
Net Sales	6,933	8,963	10,072	11,775	13,060
Gross Profit	1,769	2,283	2,338	2,883	3,163
(Gross Profit Margin)	(25.5%)	(25.5%)	(23.2%)	(24.5%)	(24.2%)
(SG&A ratio)	(18.9%)	(18.4%)	(20.0%)	(21.1%)	(20.8%)
Operating Income	460	637	326	404	448
(Operating Income margin)	(6.6%)	(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】

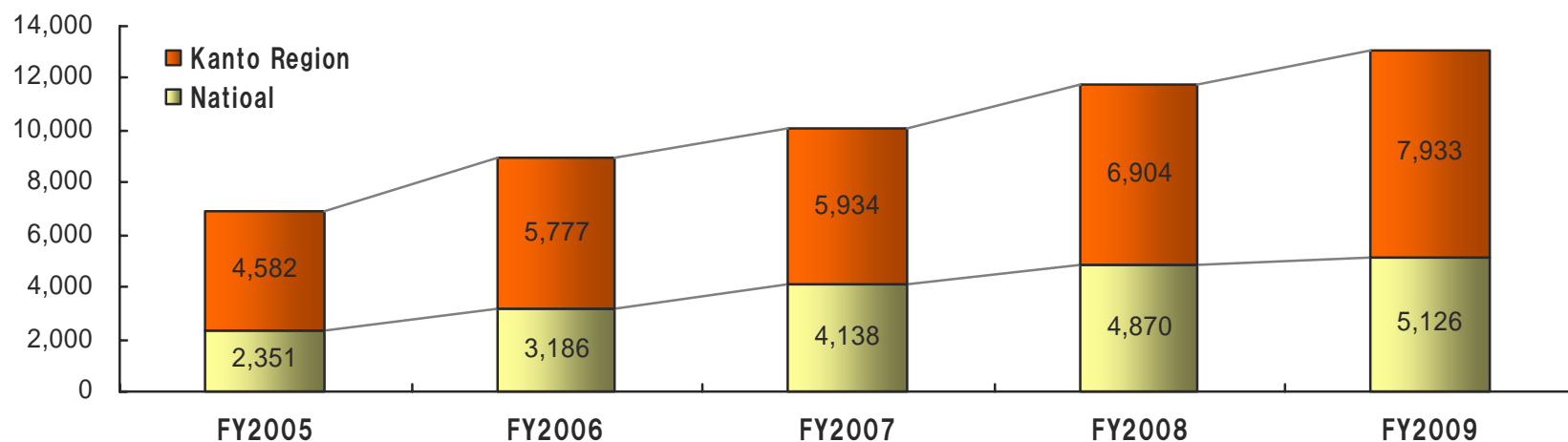
		FY2005	FY2006	FY2007	FY2008	FY2009
Mobile Telecommunications	Net Sales	4,245	5,361	6,523	7,042	6,662
	Share	61.2%	59.8%	64.8%	59.8%	51.0%
Digital consumer electronics	Net Sales	2,081	2,064	2,113	3,063	3,589
	Share	30.0%	23.0%	21.0%	26.0%	27.5%
Financial Services	Net Sales	296	1,186	1,108	839	787
	Share	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】

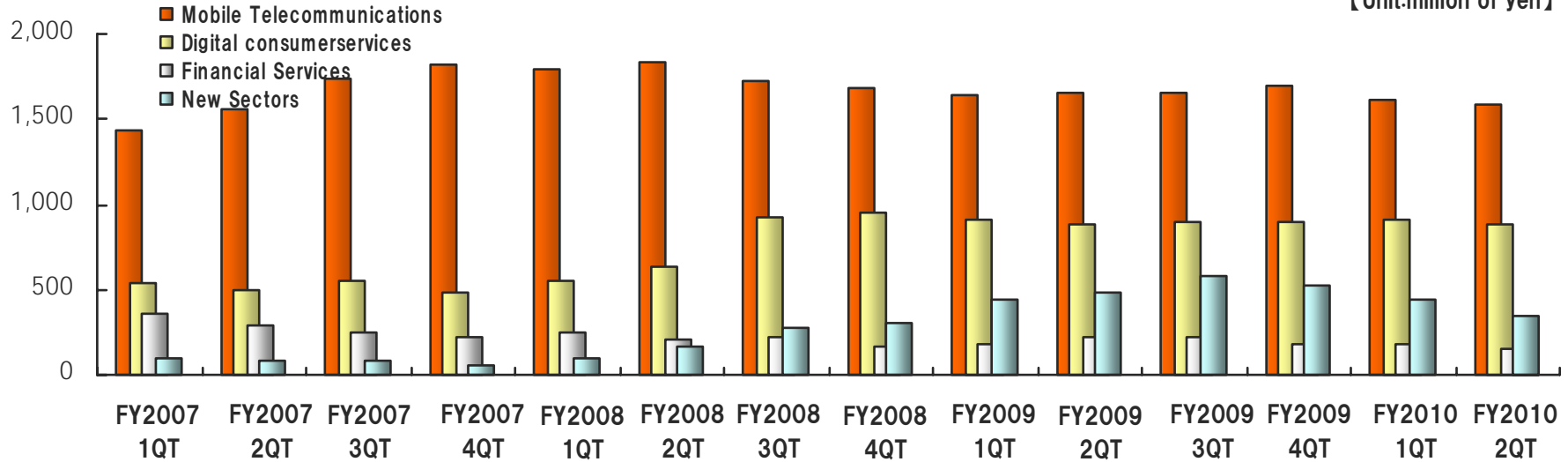
		FY2005	FY2006	FY2007	FY2008	FY2009
Kanto Region	Net Sales	4,582	5,777	5,934	6,904	7,933
	Share	66.1%	64.5%	58.9%	58.6%	60.7%
	Offices	(6)	(9)	(9)	(13)	(13)
National (excluding Kanto)	Net Sales	2,351	3,186	4,138	4,870	5,126
	Share	33.9%	35.5%	41.1%	41.4%	39.3%
	Offices	(11)	(13)	(14)	(20)	(17)



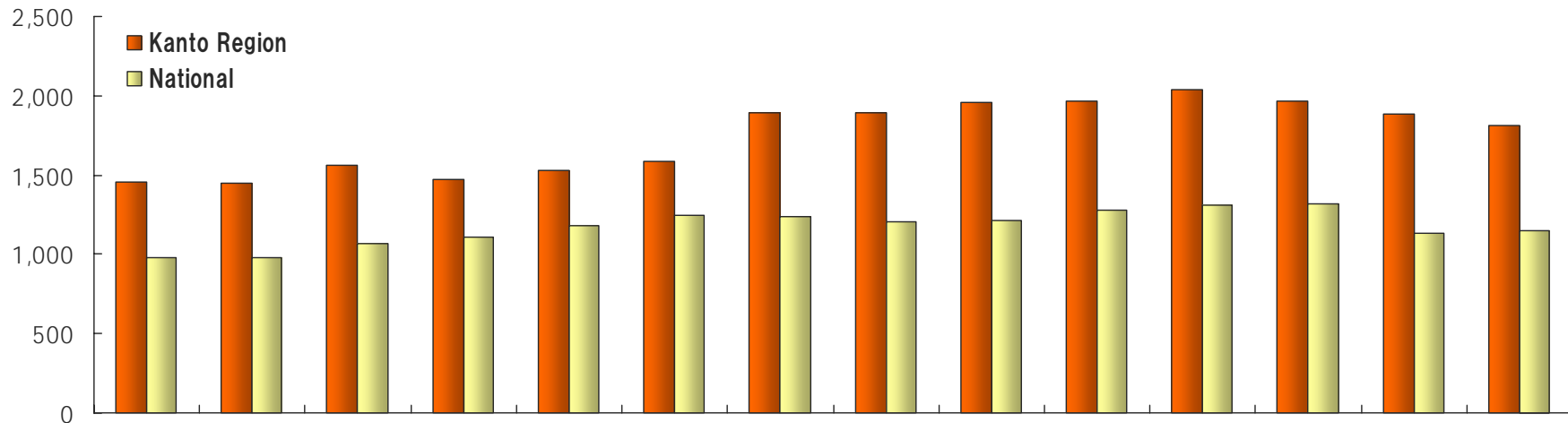
Quarterly Trends In Sales—by Customer Segment and Region

Sales by Customer Segment

[Unit: million of yen]



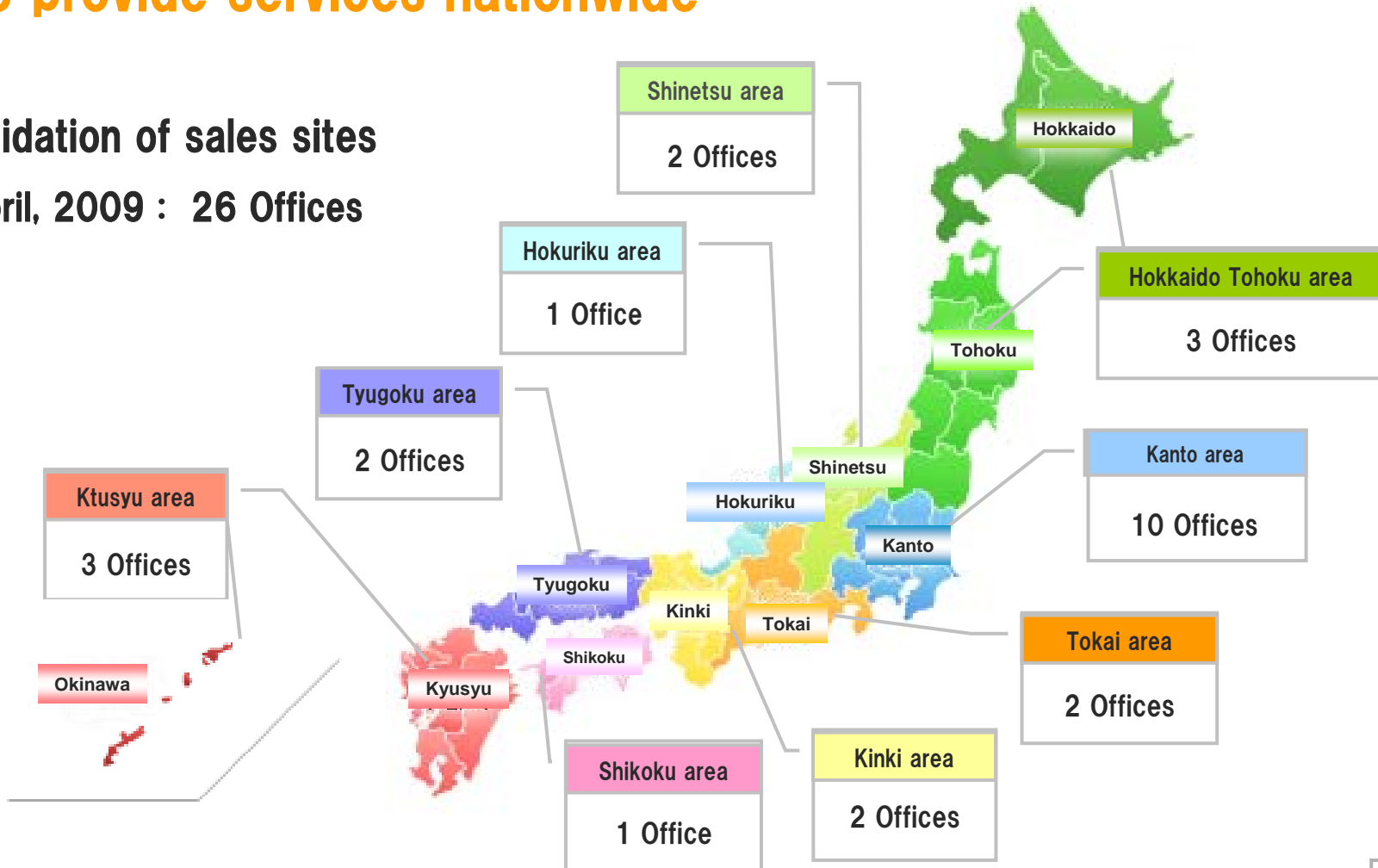
Sales by Geographic Region



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 2Q	FY2010 2Q	Y on Y	Changing Factors
Cash flows from operating activities	116	115	-1.3%	This is due mainly to the ¥164 million increase in quarterly net income before income taxes, the ¥181 decrease in accounts receivable, ¥111 million in income taxes paid, and the ¥94 million decrease in accrued expenses.
Cash flows from investing activities	-26	0.6	—	This is attributable primarily to the income of ¥23 million from the collection of lease and guarantee deposits, in spite of an expenditure of ¥20 million in acquisition of an investment securities.
Cash flows from financing activities	-46	-43	—	This is due to the payment of ¥42 million dividend payment.
Cash and cash equivalents at the end of the period	871	1,043	19.8%	
Change in Cash and Cash Equivalents	43	70	62.8%	

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 2Q	FY2010 2Q	Y on Y
Backs Group	Net sales	6,202	5,649	-8.9%
	Gross Profit	1,543	1,328	-13.9%
	Operating Income	155	166	+7.1%
Entertainment Commons	Net sales	282	326	+15.6%
	Gross Profit	31	38	+22.6%
	Operating Income	-19	0	-
Smart Communications	Net sales	-	27	-
	Gross Profit	-	12	-
	Operating Income	-	7	-

※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

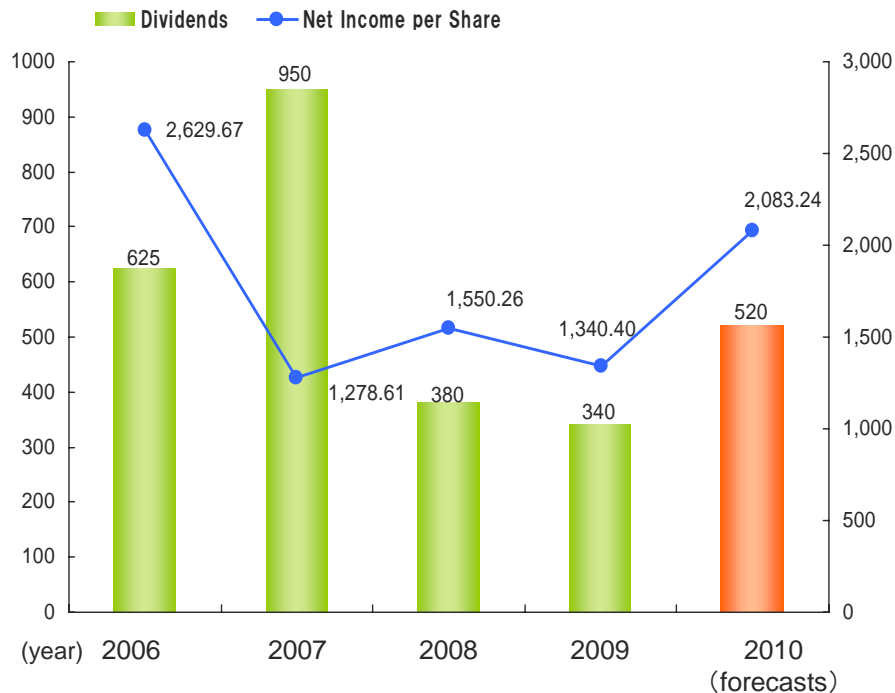


Shareholder Breakdown by Segment

Shareholder Segment	FY2009 Interim				FY2009				FY2010 Interim			
	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	4	0.07	12,575.00	8.47	3	0.05	1,686	1.14	3	0.05	2,362	1.59
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	0.06	6,832.00	4.60	2	0.04	1,846	1.24	2	0.03	1,046	0.70
Securities companies	13	0.23	5,534.00	3.72	18	0.32	1,897	1.28	9	0.15	1,382	0.93
Other corporations	32	0.59	11,822.00	7.96	34	0.61	12,389	8.34	35	0.61	11,668	7.85
Foreign corporations	15	0.28	1,947.00	1.31	8	0.14	257	0.17	7	0.12	123	0.08
Individual / others	5,359	98.75	95,264.00	64.14	5,549	98.82	107,899	72.65	5,611	98.99	109,393	73.65
Treasury stock	1	0.02	14,541.00	9.79	1	0.02	22,541	15.18	1	0.01	22,541	15.17
Total	5,427	100.00	148,515.00	100.00	5,615	100.00	148,515.00	100.00	5,668	100.00	148,515	100.00
Big shareholders	10	0.18	66,227.00	44.59	10	0.17	51,088	34.39	10	0.17	50,894	34.26
Fund	2	0.03	3,575.00	2.40	2	0.03	1,186	0.79	2	0.03	1,186	0.79
Floating stocks	5,186	95.55	34,144.00	22.99	5,331	94.94	35,428	23.85	5,378	94.88	35,836	24.12
Special socks	16	0.29	81,423.00	54.82	16	0.28	74,589	50.22	16	0.28	75,119	50.58

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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