

BACKS GROUP Inc.

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

January 29, 2010



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Results Highlights

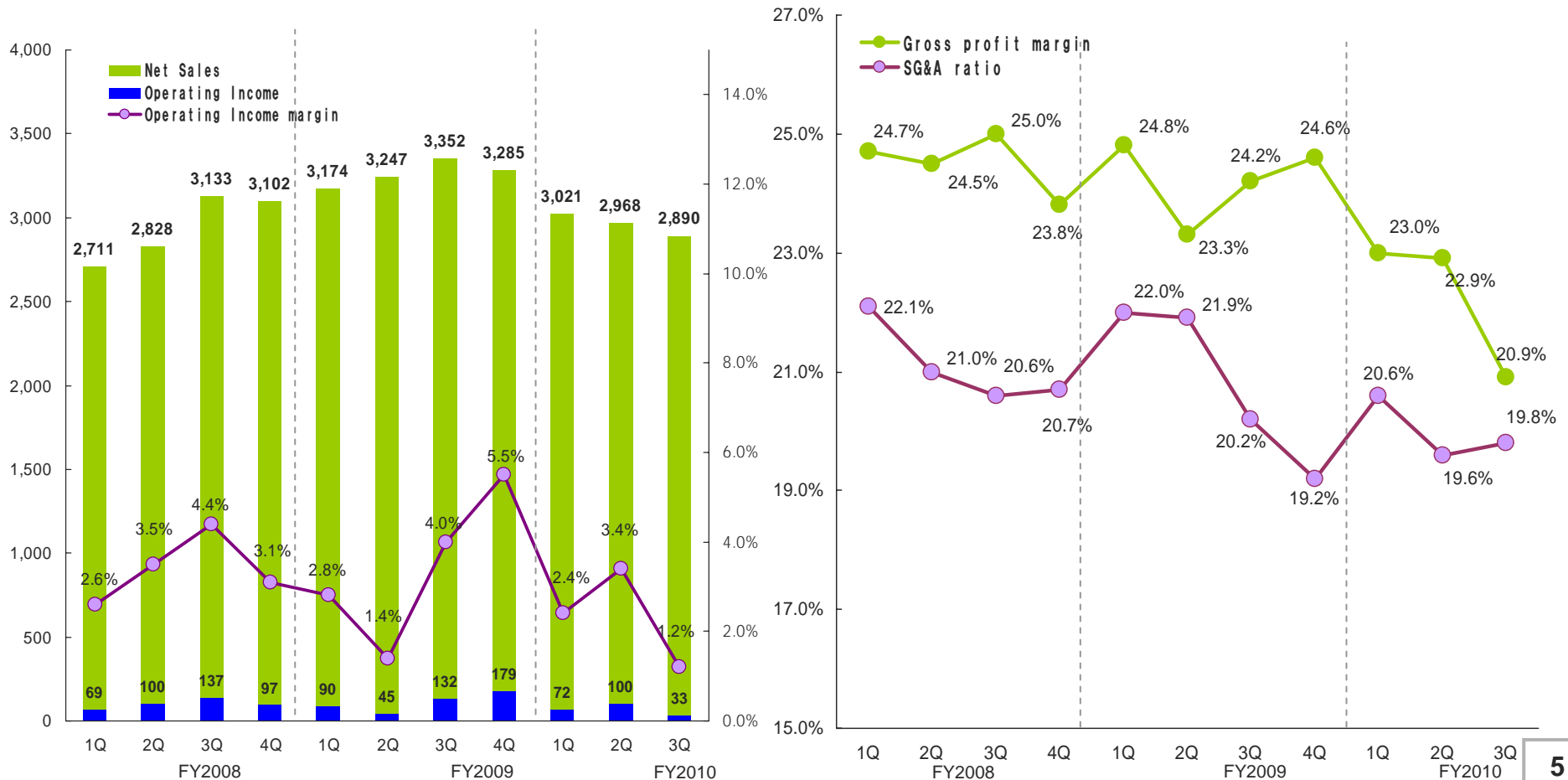


FY2010 Third Quarter Results Highlights

【Unit : million of yen】	FY2009 3Q	FY2010 3Q	Y on Y
N e t S a l e s	9,774	8,880	-9.2%
G r o s s P r o f i t	2,354	1,979	-15.9%
(Gross profit margin)	(24.1%)	(22.3%)	-1.8ppts
(S G & A r a t i o)	(21.3%)	(19.9%)	-1.4ppts
O p e r a t i n g I n c o m e	268	208	-22.3%
(Operating income margin)	(2.7%)	(2.4%)	-0.3ppts
O r d i n a r y I n c o m e	267	212	-20.8%
N e t I n c o m e	84	109	+30.1%

Profitability – Quarterly Basis

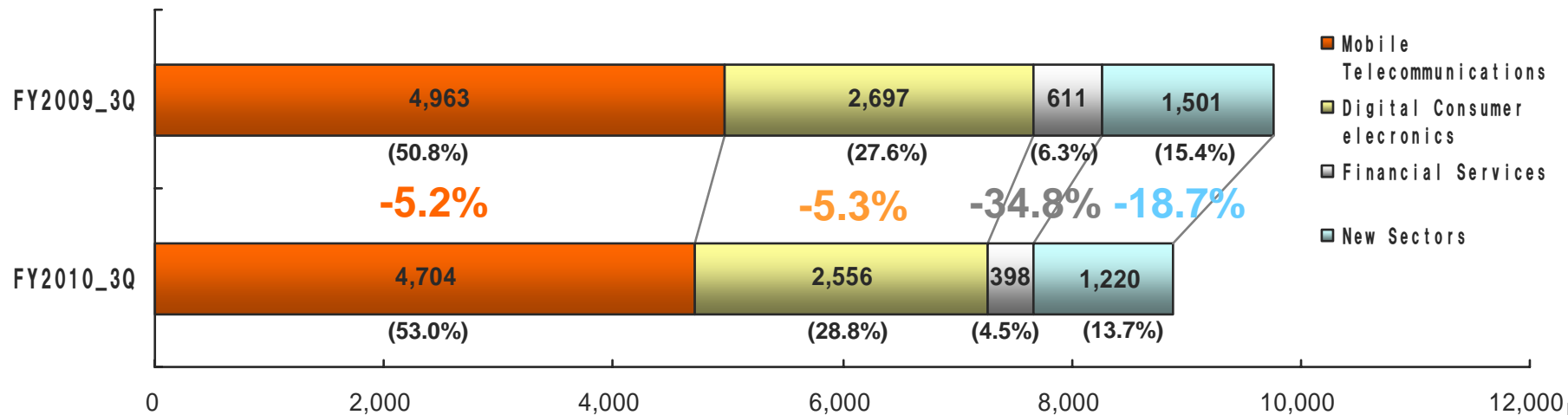
- **Gross profit margin:** Fell 3.3 point year on year, due to failure to acquire the initially expected profit on some contracts to be billed on the produced results.
- **SG & A ratio** : Improvement by 0.4 point year on year owing to reduction of recruitment costs using media after changes in the recruitment environment.



Sales by Customer Segment

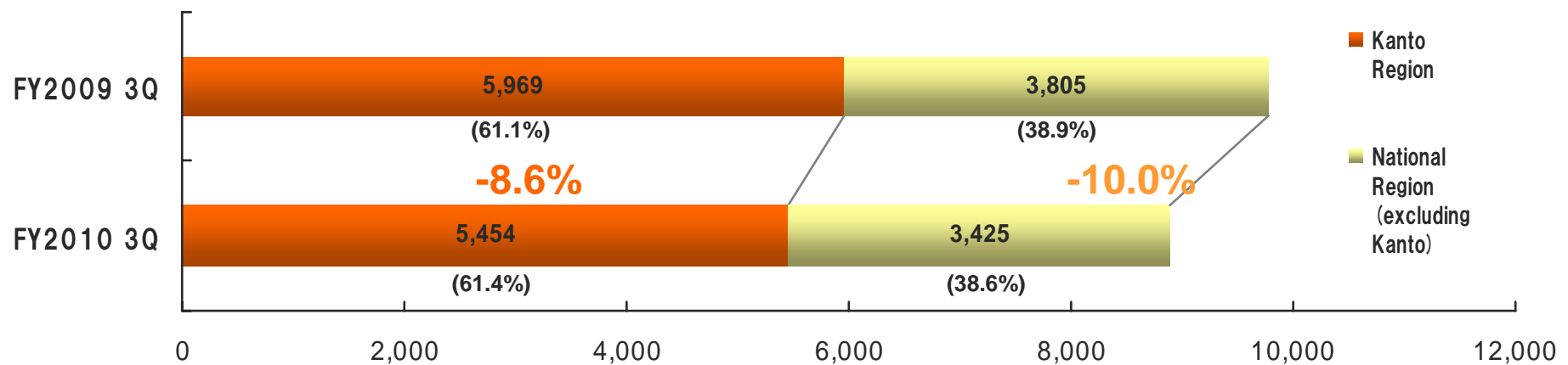
【Unit : Million of yen】

	FY2009 3Q	Share	FY2010 3Q	Share	Y on Y
Mobile Telecommunications	4,963	50.8%	4,704	53.0%	-5.2%
Digital Consumer electronics	2,697	27.6%	2,556	28.8%	-5.3%
Financial Services	611	6.3%	398	4.5%	-34.8%
New Sectors	1,501	15.4%	1,220	13.7%	-18.7%



Sales by Geographic Region

[Unit : million of yen]	FY2009 3Q	Share	FY2010 3Q	Share	Y on Y
Kanto Region	5,969	61.1%	5,454	61.4%	-8.6%
(offices)	(14)		(11)		(-3)
National (excluding Kanto)	3,805	38.9%	3,425	38.6%	-10.0%
(offices)	(20)		(15)		(-5)



Overview of Business Segment

	FY2009 3Q	FY2010 3Q	Y on Y
【Unit : million of yen】			
Net Sales	3,906	3,267	-16.6%
(Share)	(40.0%)	(36.8%)	
Operating Income	130	83	-36.2%
(Operating margin)	(3.3%)	(2.5%)	-0.8ppts
Net Sales	5,868	5,615	-4.3%
(Share)	(60.0%)	(63.2%)	
Operating Income	138	125	-9.2%
(Operating margin)	(2.4%)	(2.2%)	-0.2ppts

Outsourcing

Temporary Staffing

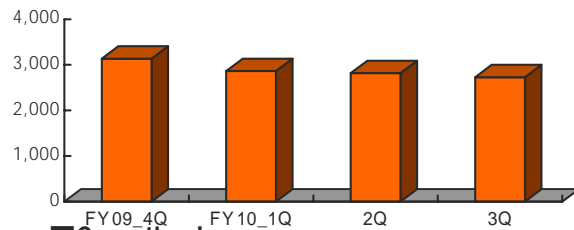
Overview of Group

Net sales	FY2009 3Q	FY2010 3Q	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)	8,550	8,377	-2.0%
E n t e r t a i n m e n t C o m m o n s	435	481	+10.6%
S m a r t C o m m u n i c a t i o n s	-	40	-

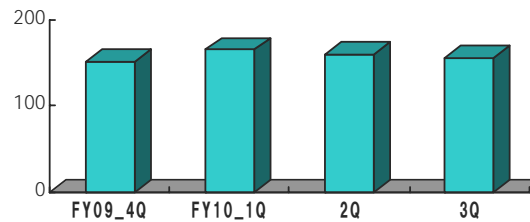
[Unit : million of yen]

Net sales

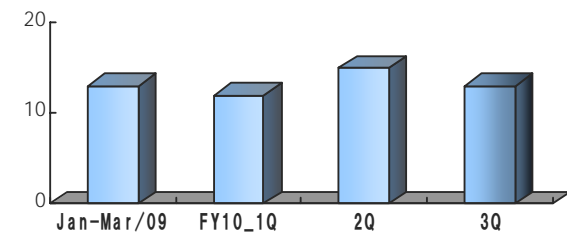
Backs Group(non-consolidated)



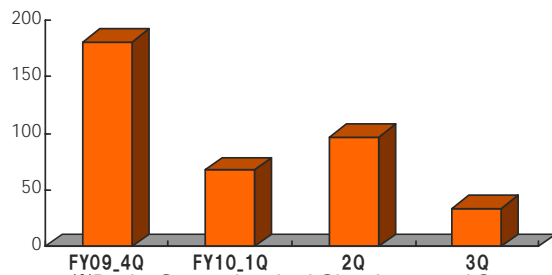
Entertainment Commons



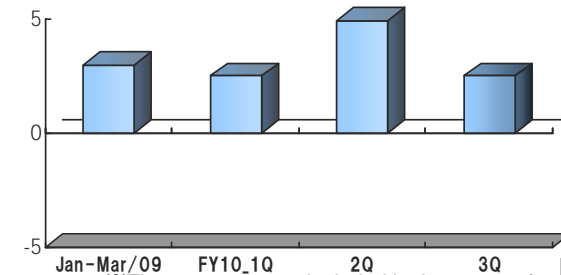
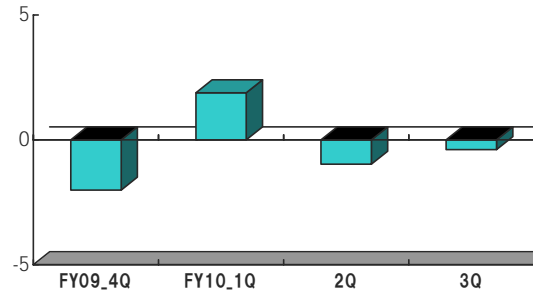
Smart Communications



Operating Income



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

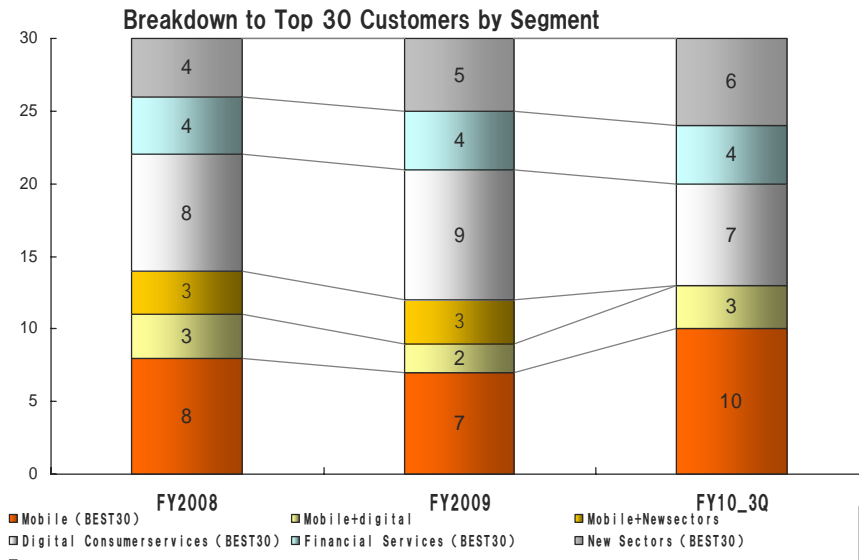
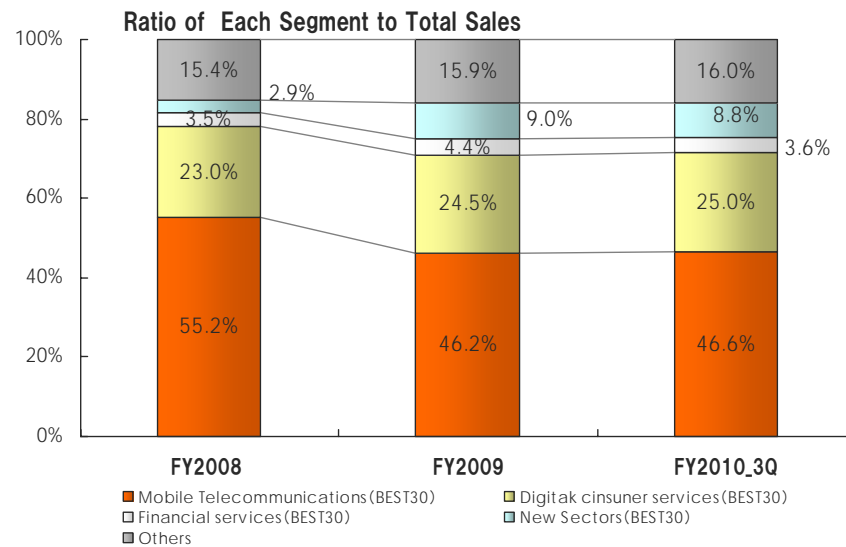


※The company was included in the scope of consolidation as of January 1, 2009.

Top 30 Customers -Sales

【Unit : million of yen】	FY2008			FY2009			FY2010_3Q			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	4,138	46.6%	13	-7.9%
Digital consumer services	2,706	23.0%	11	3,201	24.5%	12	2,217	25.0%	11	-7.7%
Financial Services	413	3.5%	4	572	4.4%	4	317	3.6%	5	-30.5%
New Sectors	345	2.9%	7	1,176	9.0%	8	781	8.8%	12	-10.1%
Top Thirty Total	9,967	84.6%	30	10,986	84.1%	30	7,455	84.0%	30	-9.3%
Others	1,807	15.4%	409	2,073	15.9%	451	1,424	16.0%	309	-8.2%
Total	11,775	100.0%	439	13,060	100.0%	481	8,880	100.0%	339	-9.2%

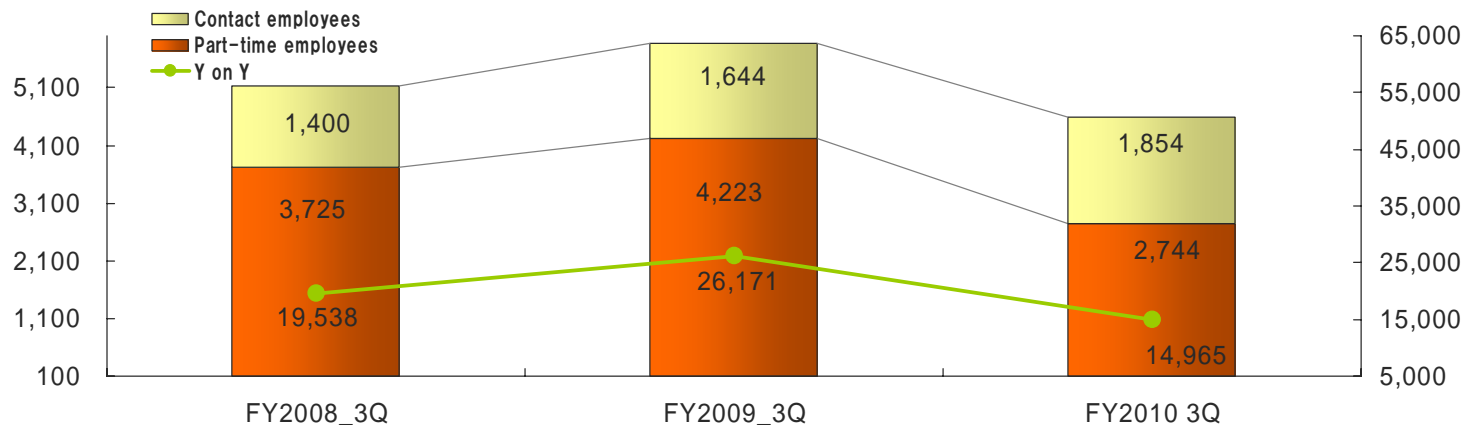
※The number of customers in each segment and the total number differ because customers in mobile and digital segments are included.



Number of Staff

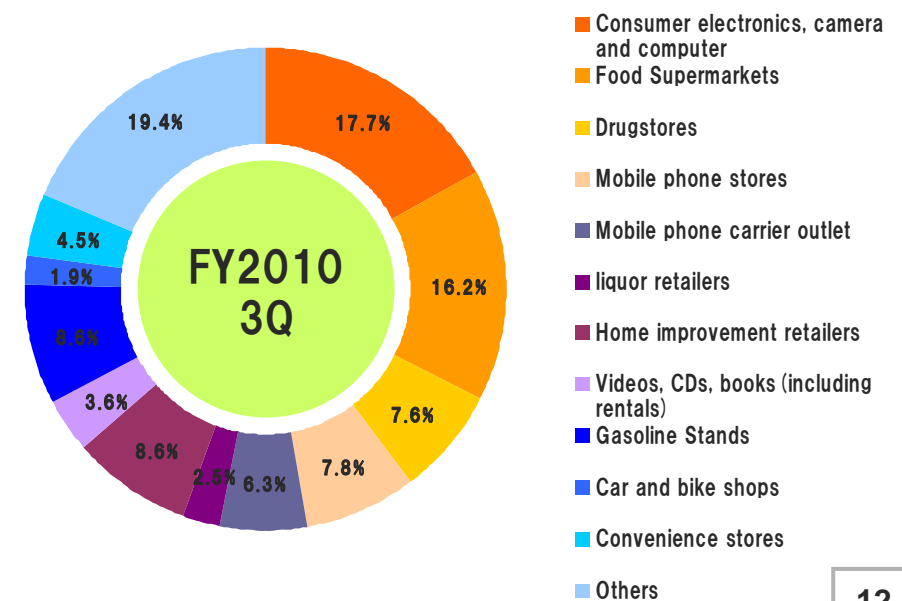
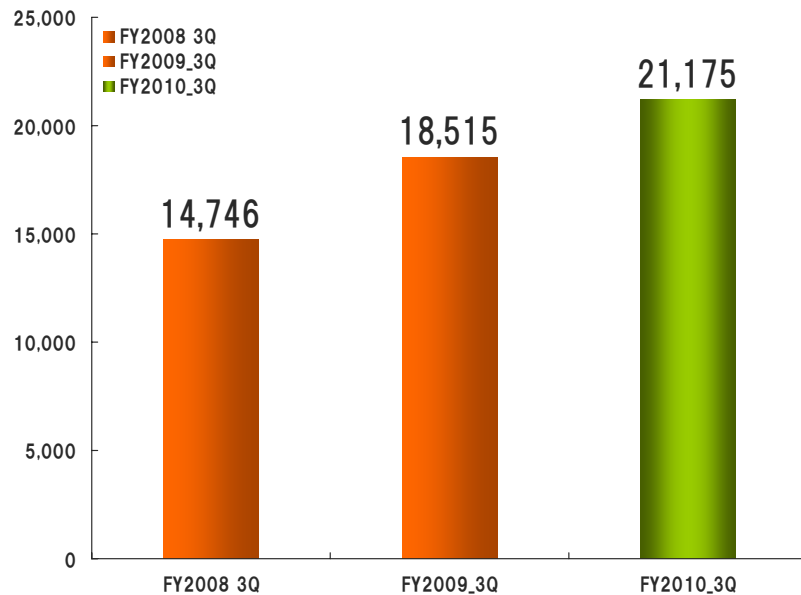
[UNIT: million of yen, person]

	FY2008 3Q	FY2009 3Q	FY2010 3Q
Active Staff (monthly average)	5,125	5,867	4,598
(Contact employees)	1,400	1,644	1,854
(Part-time employees)	3,725	4,223	2,744
Avg. sales amount per person	188	185	214
Registered staff	65,475	91,646	106,611
(Y on Y)	+19,538	+26,171	+14,965



Total number of stores serviced

	FY2008 3Q	FY2009 3Q	FY2010 3Q
Total number of stores	14,746	18,515	21,175
(Y on Y)		+2,736	+2,660





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	12,000	-8.1%
G r o s s P r o f i t	3,163	2,680	-15.3%
(Gross profit margin)	(24.2%)	(22.3%)	-1.9ppts
(S G & A r a t i o)	(20.8%)	(19.7%)	-1.1ppts
O p e r a t i n g I n c o m e	448	311	-30.6%
(Operating income margin)	(3.4%)	(2.6%)	-0.8ppts
O r d i n a r y I n c o m e	447	314	-29.8%
N e t I n c o m e	177	180	+1.4%

Analysis on change in the consolidated results

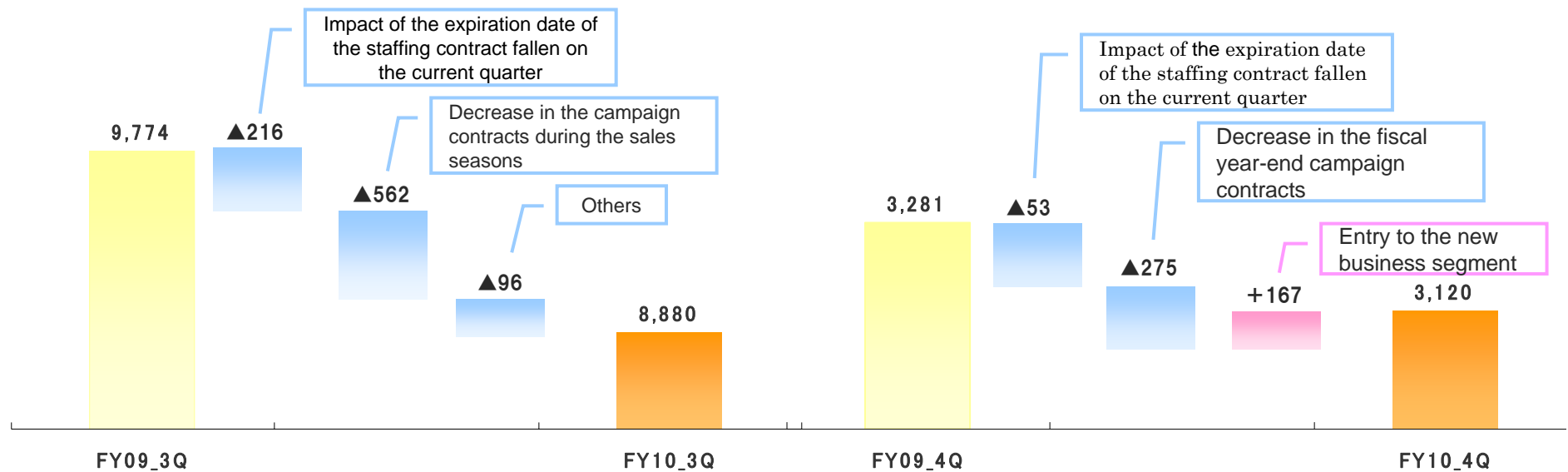
【Net sales】

3Q

【Unit: million of yen】

4Q (forecasts)

【Unit: million of yen】

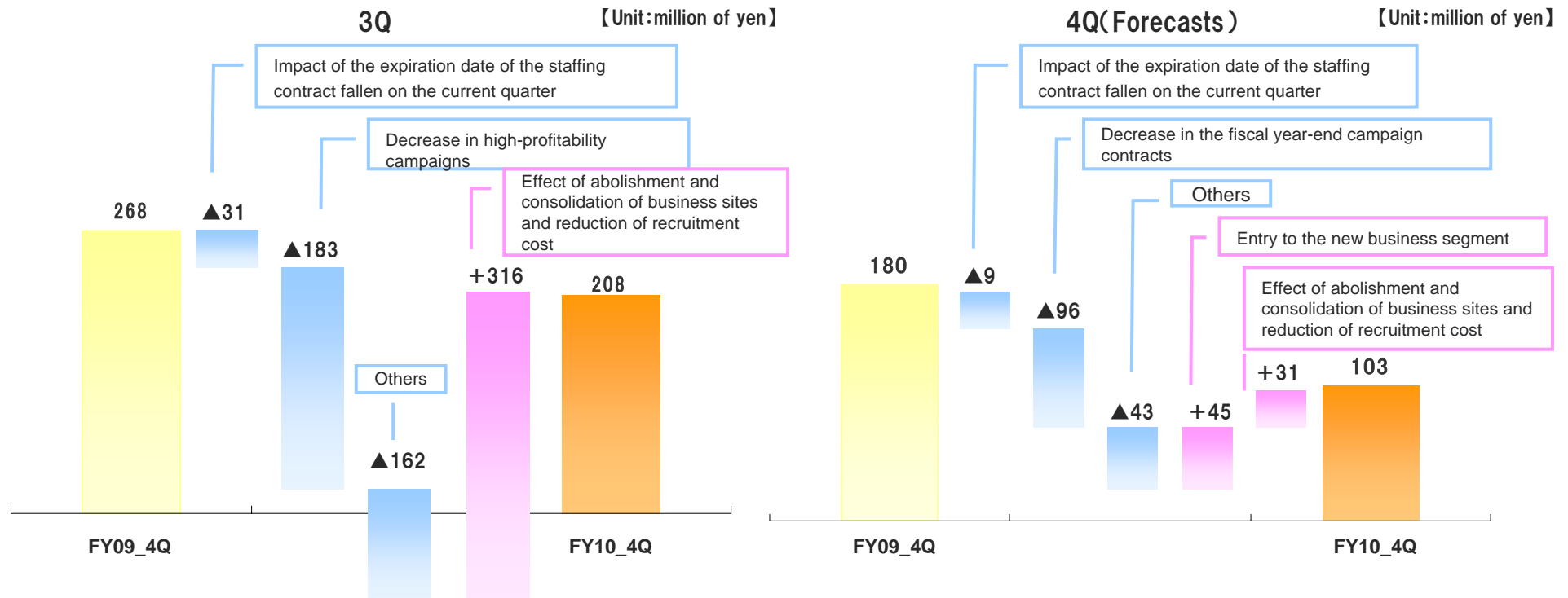


- The expiration date of temporary staff dispatch agreement with a mobile telecommunications client fell on the current quarter and the client shifted from temporary staffing to direct employment.
- Decrease of sale promotion budgets for the sales season campaigns.

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- Need to fill the gap by receiving orders for sales promotion contracts in the new business segment during the quarter.

Analysis on change in the consolidated results

【Operating Income】



- Lowering of profitability, due decrease in high-margin contracts such as campaigns.
- Selling, general and administrative expenses reduced, owing to abolishment and consolidation of business sites and decrease of recruitment costs using media.

- Contract acquisition period of batch consignment contracts to cover wide areas was moved to the next period or beyond.
- Reexamination of some contracts to be billed on the produced results.

Strategies

Improving profit performance by enforcing the training/education system and increasing the number of outsourcing cases

Internal Efforts

- Reinforcement of staff training/education and accumulation of the training/ education expertise.
- Acquisition of contracts for new store-front sales promotion contracts.
- Acquisition of package contracts covering whole nation or area to offer convenience.

Improve net sales and profitability

- Increasing sales per person by ensuring staff with high degree of specialization.
- Acquisition of contracts for new store-front sales promotion contracts.

Improve the gross margin

Strategies

Stabilizing and expanding the management base through capital and business partnership

Past efforts

- Distribution of customer portfolio (ratio of mobile business to overall sales accounted less than 50%)
→ **Component ratio:53.0%**
- Increase of full-time (long-term) operating staff → from 1,644 to 1,854
→ **From 1,644 to 1,854**
- Enforcement of activity to receive orders for SP contracts
→ **decrease of campaign contracts**



Business domains to be enforced by the Group—approach management

- Providing the other services than staffing
→ **acquiring shares of JBtoB**
- Receiving package contracts for store-front sale promotions
→ **business partnership with REQUEST Group**

JBtoB ジェイビートゥビー株式会社
Join Business to Business

Promotion Planning & Development
REQUEST GROUP



- Accumulation of the staff training/education expertise even in the period when orders for campaign contracts reduce
- Enforcing store-front sales promotion activities and expanding the service portfolio

Industry Outlook: Trends in the temporary staffing and outsourcing industries

◆ Amendment of the Worker Dispatch Law

① *Prohibition in principle of the dispatch of temporary staff*

→The temporary staff dispatch agreement providing for temporary labor using the registered staff is prohibited in principal except dispatch to 26 jobs that need expertise, dispatch of the aged people, dispatch made on the assumption of the future promotion to the full-time position, dispatch of staff to work as substitutes of the employees in child-care/elderly-people-caring leave.

② *Prohibition in principle of the dispatch of temporary staff to manufacturers*

→Temporary staff dispatch is prohibited in principal except dispatch of regular workers.

③ *Prohibition in principle of the dispatch of day workers*

→The temporary staff dispatch agreements providing for daily labor or a contract period of 2 months of less is prohibited in principal.

④ *Equal Treatment*

→ In order to secure the equal treatment of temporary staff in terms of wages, etc., the company hiring the staff must ensure treatment of the staff to be equal to that of its workers engaging in the same type of jobs.

◆ Measures

◎ Provision of high value-added outsourcing services.
(Receipt of package contracts covering whole nation or area in the fields of sales/sales assist activities)

◎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.

JB to B Co., LTD.

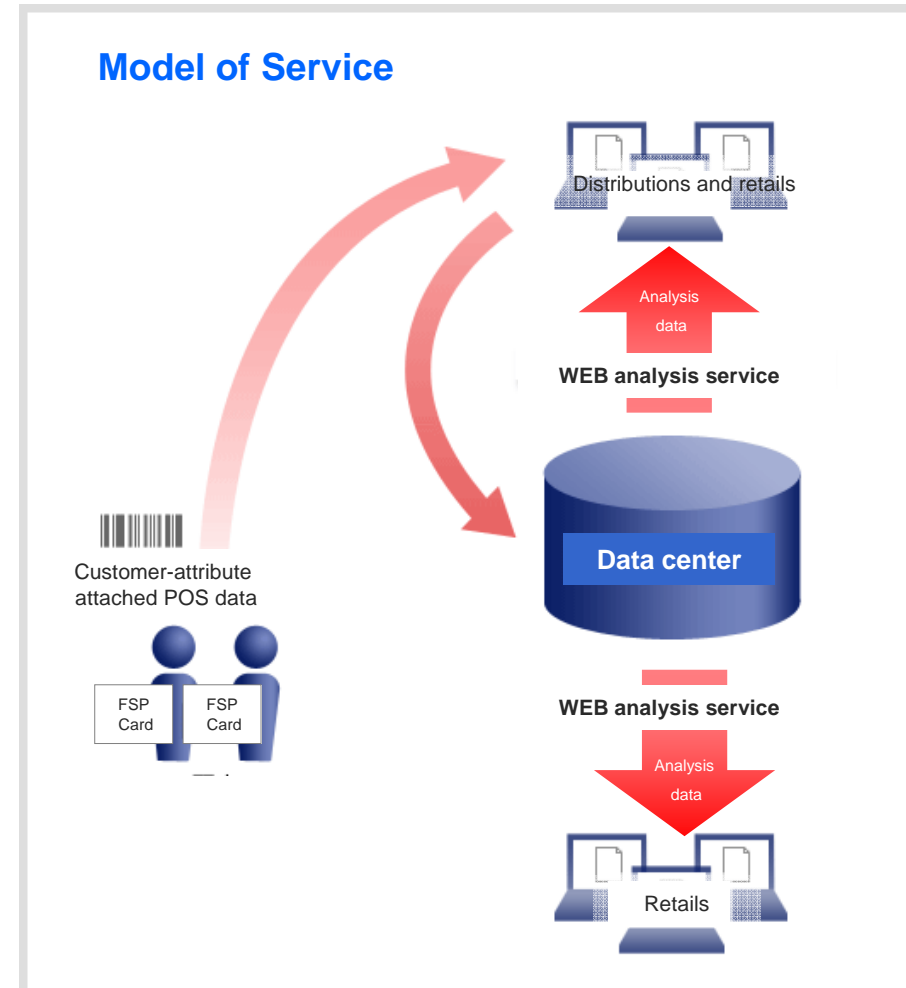
■ Corporate Profile

Office	Yaesu Nagaoka Bldg No.5.,8F,29-11, Hachobori 2-chome, Chuo-ku, Tokyo 104-0032
Established	September, 2000
Capital	¥ 372,500,000
Number of Employees	5
Business activities	<ul style="list-style-type: none"> • Customer-attribute attached POS data analysis service for retail, wholesale and manufacturing businesses (Model of ASP) • Consulting service for efficient use of information • Operation of FSP Seminar • Assist for development of ASP systems
Representative	Akiko Okushima

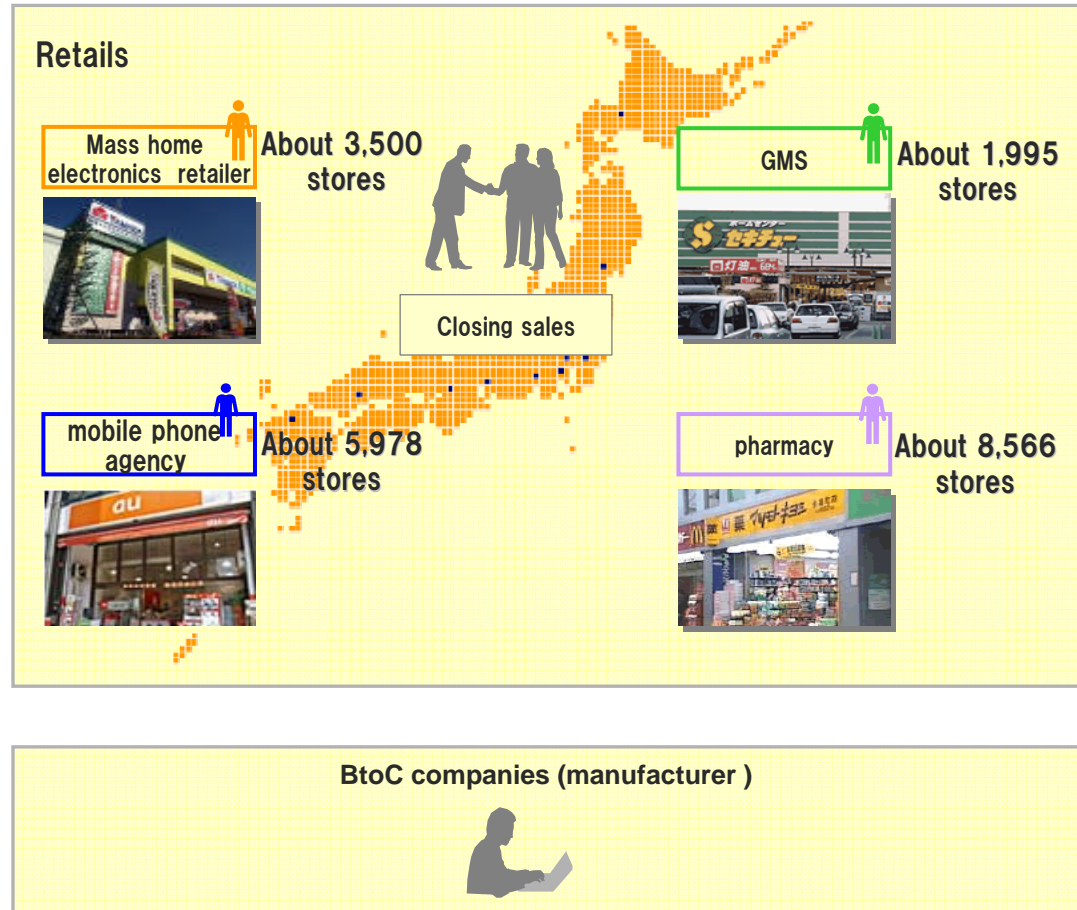
■ Profile of President

Joined IBM Japan, then EDS Japan, before assumed the position of Data warehouse Planning Manager of DEC Japan (now Hewlett-Packard), then CEO and President of Falma Data Mining (as well as President of the U.S. Office). After CEO and President Brio Technology Japan, took up the post of president at JBtoB Co.Ltd. in March 2001. Currently being received high reputation as a leader of the data warehouse market.

Graduated from Department of Literature, University of Tokyo

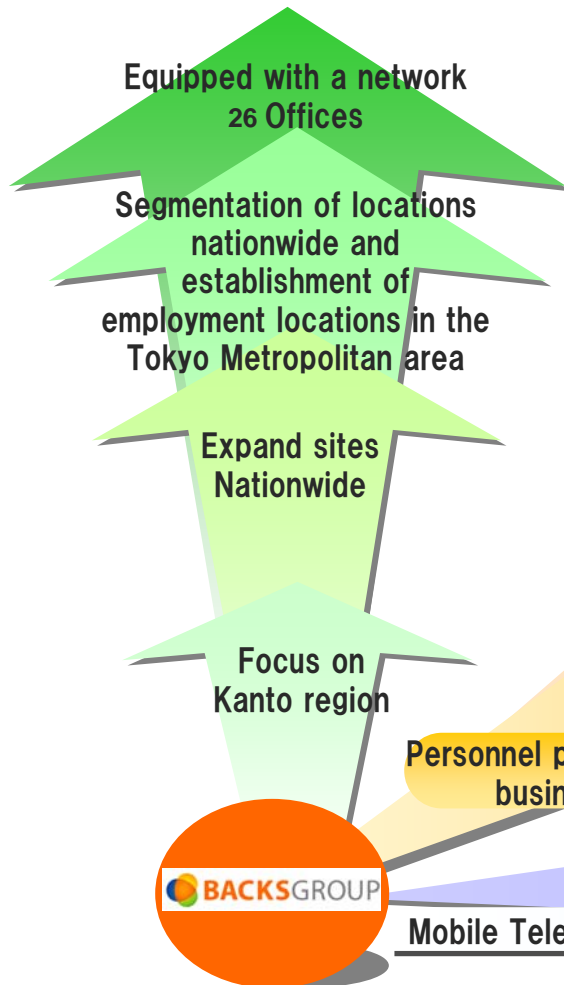


The Group provides a whole service covering every element necessary for store-front sales promotions



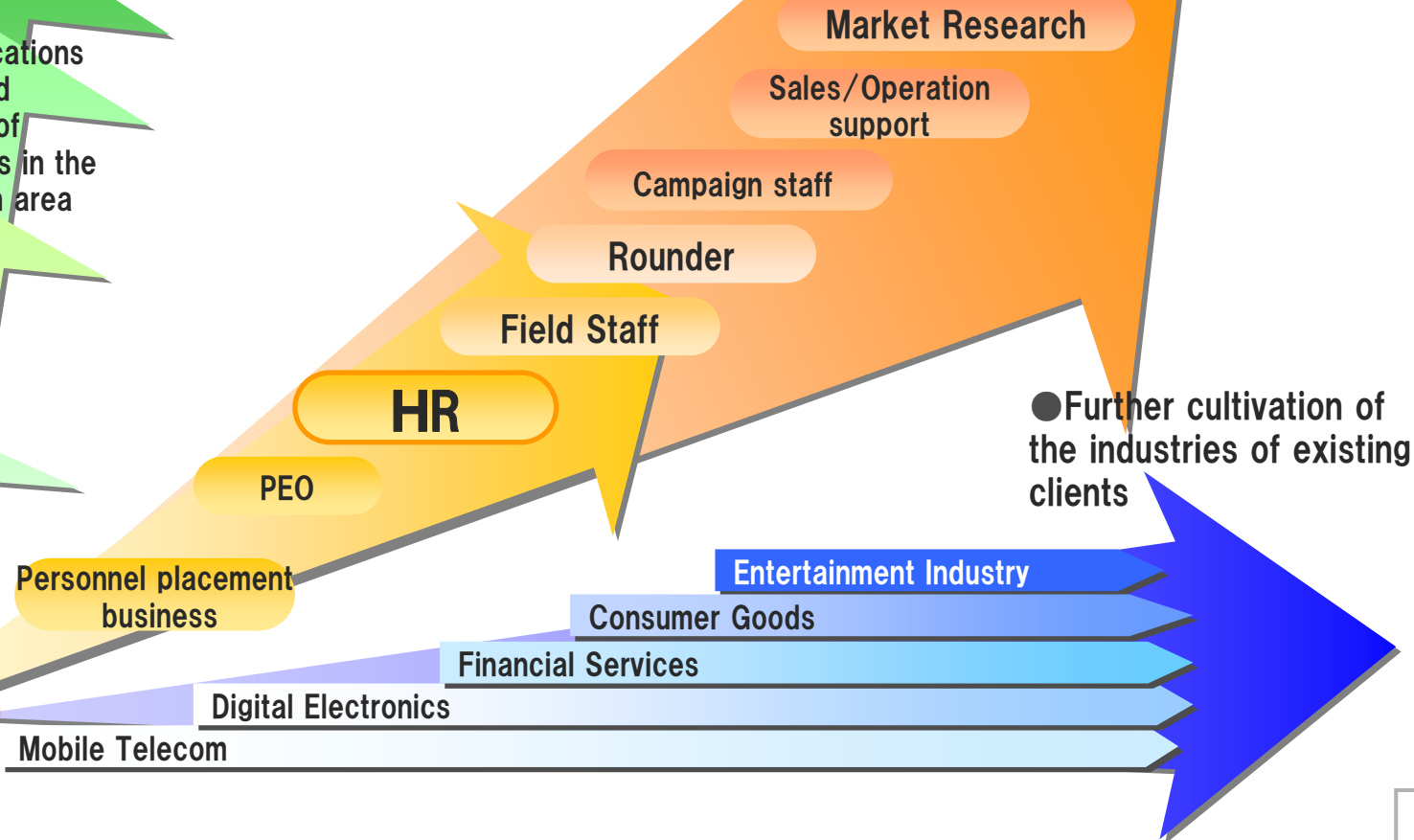
Revision of sales strategy

● Build a national network



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

Field Marketing





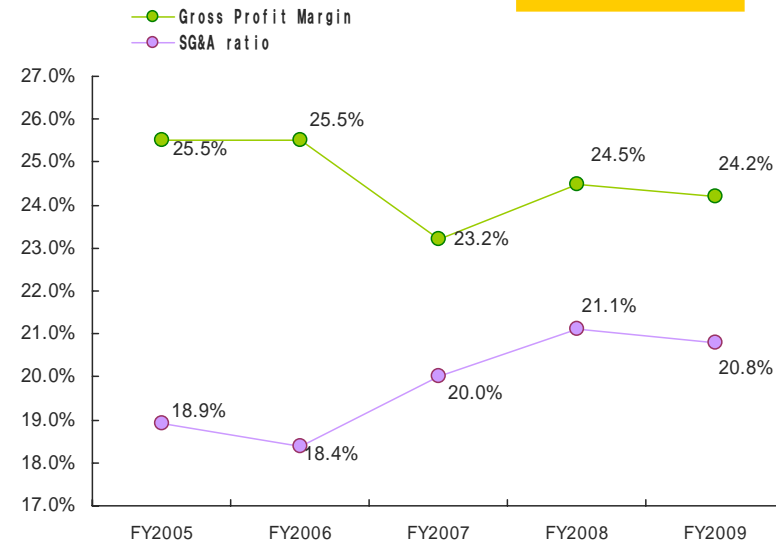
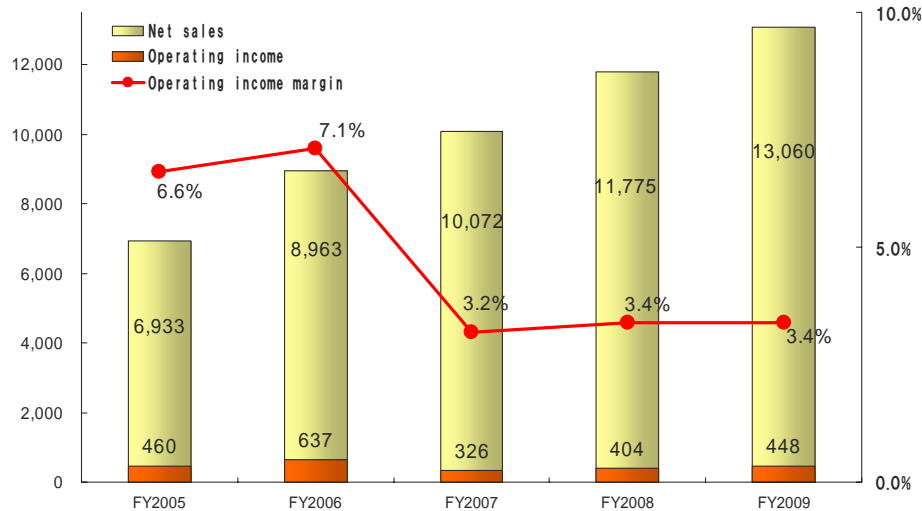
References



Performance Trends

[Unit: million of yen]

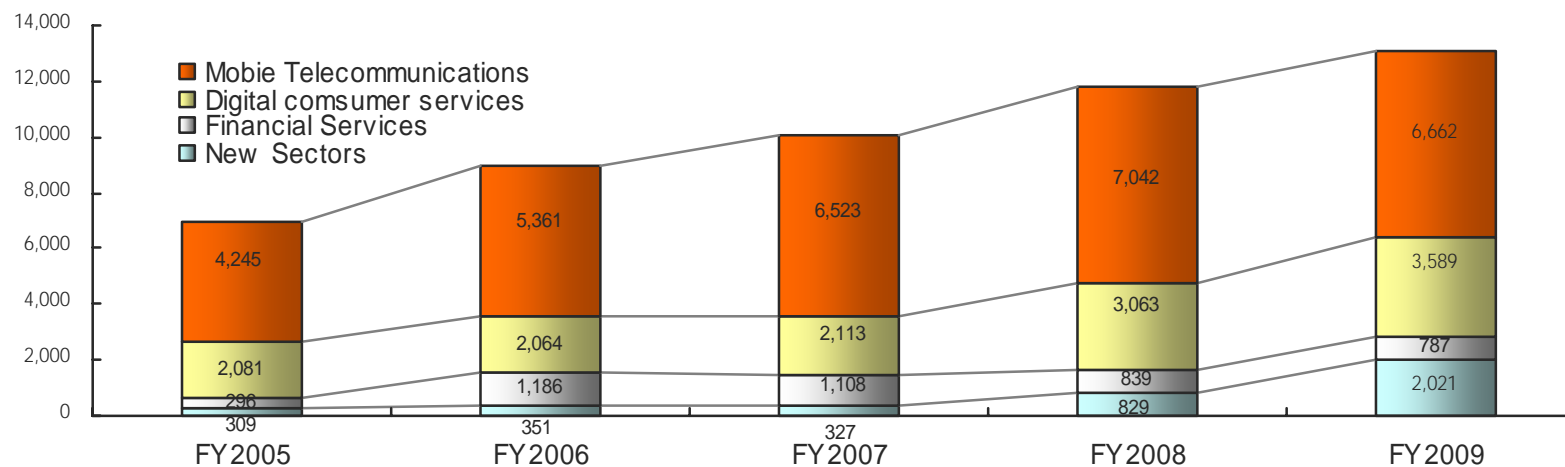
	FY2005	FY2006	FY2007	FY2007	FY2009
Net Sales	6,933	8,963	10,072	11,775	13,060
Gross Profit	1,769	2,283	2,338	2,883	3,163
(Gross Profit Margin)	(25.5%)	(25.5%)	(23.2%)	(24.5%)	(24.2%)
(SG&A ratio)	(18.9%)	(18.4%)	(20.0%)	(21.1%)	(20.8%)
Operating Income	460	637	326	404	448
(Operating Income margin)	(6.6%)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

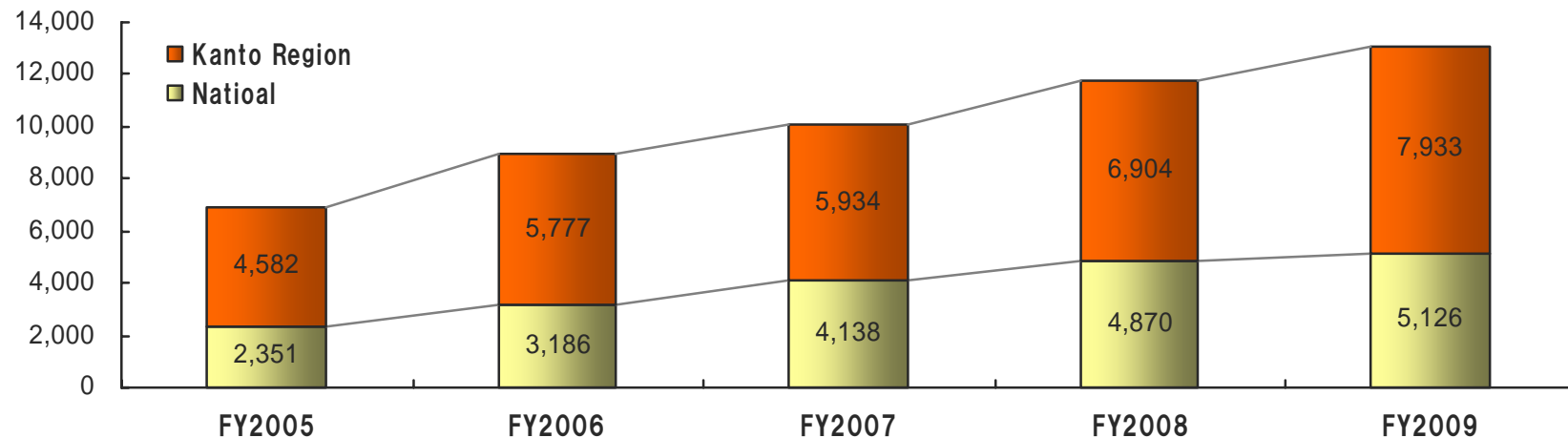
		FY2005	FY2006	FY2007	FY2008	FY2009
Mobile Telecommunications	Net Sales	4,245	5,361	6,523	7,042	6,662
	Share	61.2%	59.8%	64.8%	59.8%	51.0%
Digital consumer electronics	Net Sales	2,081	2,064	2,113	3,063	3,589
	Share	30.0%	23.0%	21.0%	26.0%	27.5%
Financial Services	Net Sales	296	1,186	1,108	839	787
	Share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

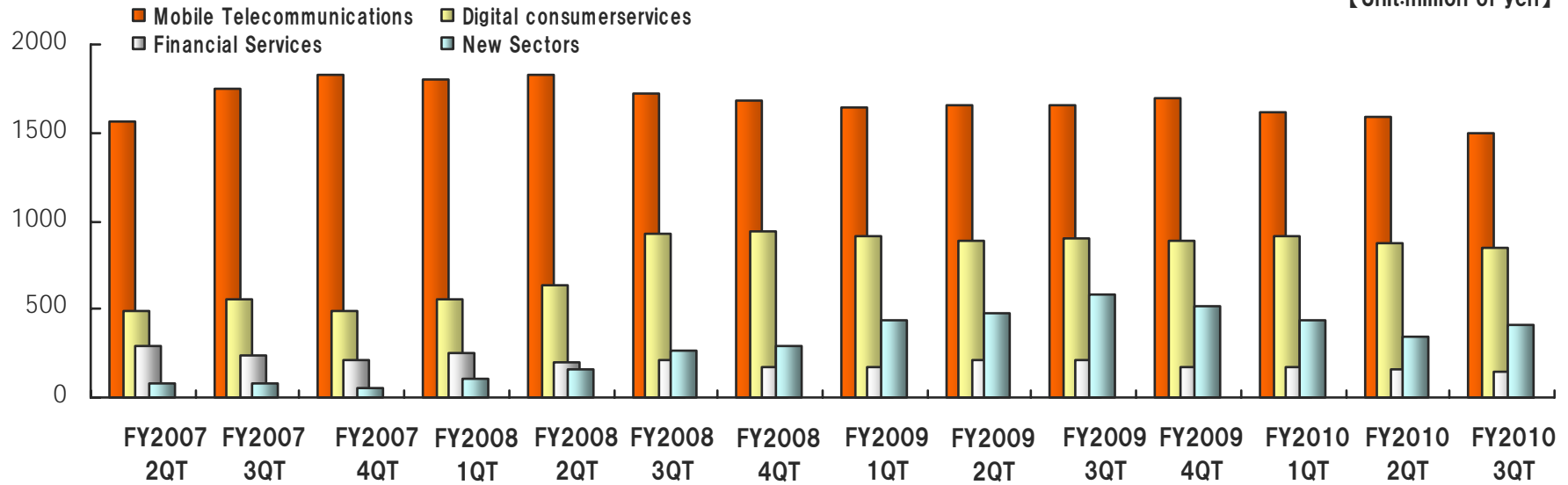
		FY2005	FY2006	FY2007	FY2008	FY2009
Kanto Region	Net Sales	4,582	5,777	5,934	6,904	7,933
	Share	66.1%	64.5%	58.9%	58.6%	60.7%
	Offices	(6)	(9)	(9)	(13)	(13)
National (excluding Kanto)	Net Sales	2,351	3,186	4,138	4,870	5,126
	Share	33.9%	35.5%	41.1%	41.4%	39.3%
	Offices	(11)	(13)	(14)	(20)	(17)



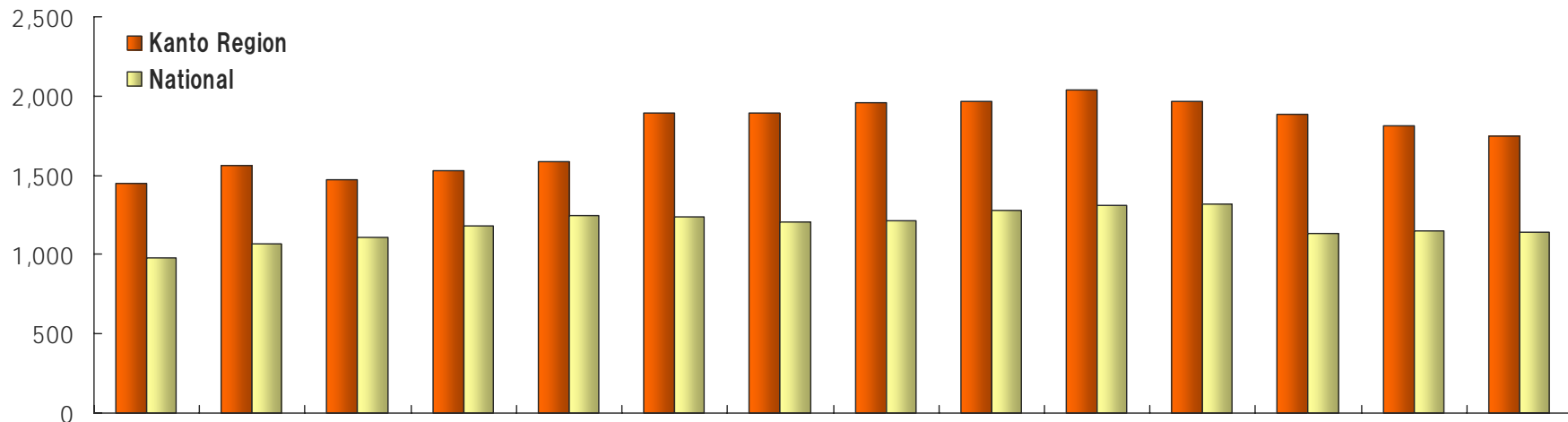
Quarterly Trends In Sales—by Customer Segment and Region

Sales by Customer Segment

[Unit: million of yen]



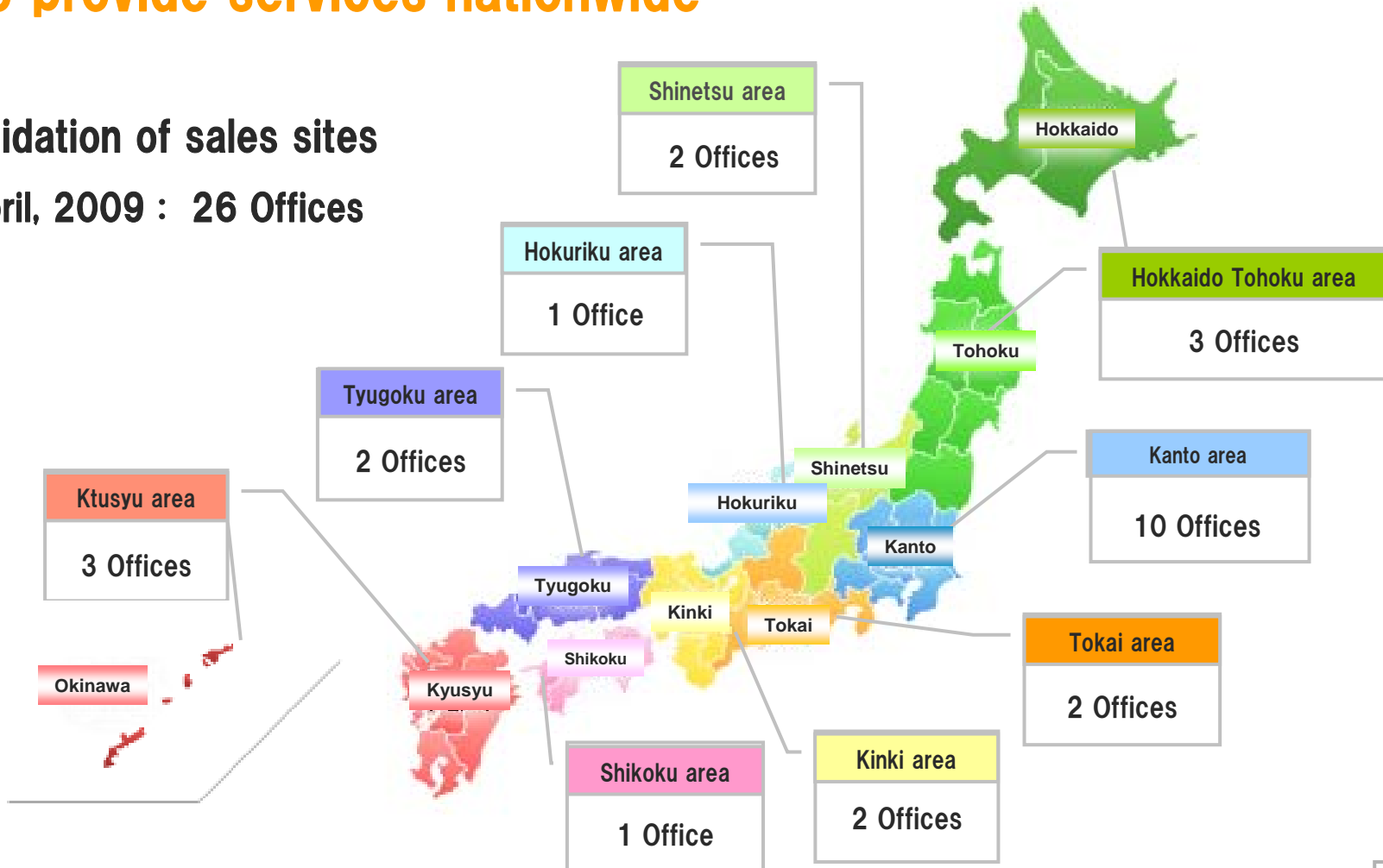
Sales by Geographic Region



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 3Q	FY2010 3Q	Y on Y	Changing Factors
Cash flows from operating activities	276	209	-6.1%	This is due mainly to the 195 million yen increase in quarterly net income before taxes and the 209 million yen decrease in accounts receivable despite of the paid 217 million yen in corporation and other taxes.
Cash flows from investing activities	△38	△91	—	This is attributable mainly to the payment of 90 million yen for purchase of shares of subsidiaries accompanying changes in the scope of consolidation, and the payment of 20 million yen for purchases of investment securities, in spite of 24 million yen, proceeds from return of deposits and guarantees.
Cash flows from financing activities	△50	△45	—	This is due to the payment of ¥45 million dividend payment.
Cash and cash equivalents at the end of the period	1,015	1,046	3.0%	
Change in Cash and Cash Equivalents	187	72	-61.1%	

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 3Q	FY2010 3Q	Y on Y
Backs Group	Net sales	8,550	8,377	-2.0%
	Gross Profit	2,176	1,911	-12.2%
	Operating Income	297	200	-32.8%
Entertainment Commons	Net sales	435	481	+10.6%
	Gross Profit	51	56	+8.7%
	Operating Income	-21	0.3	-
Smart Communications	Net sales	-	40	-
	Gross Profit	-	18	-
	Operating Income	-	10	-

※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

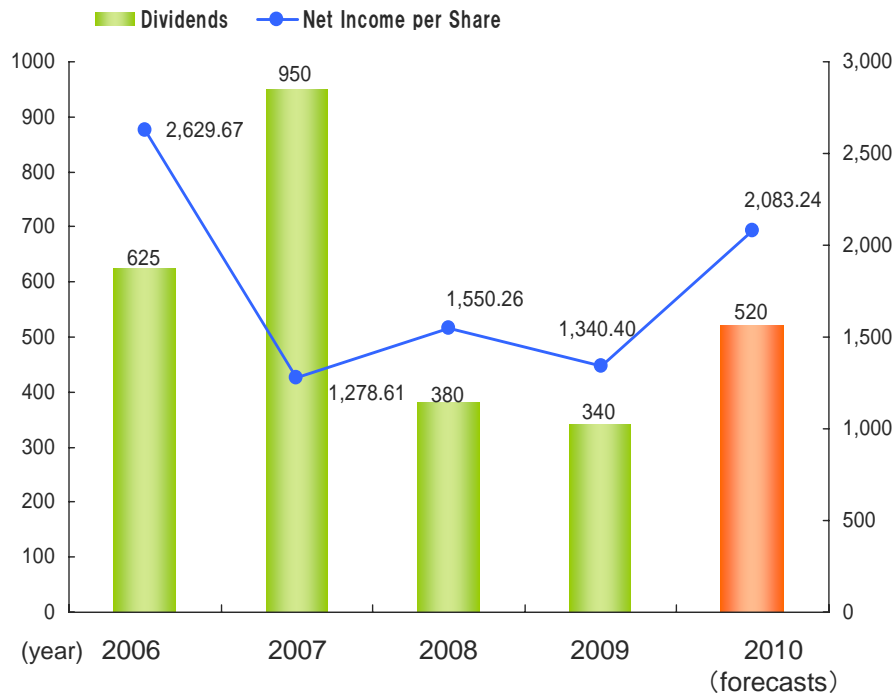


Shareholder Breakdown by Segment

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 45 million of yen annually
- Dividends per share (forecasts): approximately 360 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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