

BACKS GROUP Inc.

**Presentation of Results for
the First Quarter of the Fiscal Year Ended March 31, 2011**

July 30, 2010



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Results Highlights



FY2011 1Q Results Highlights

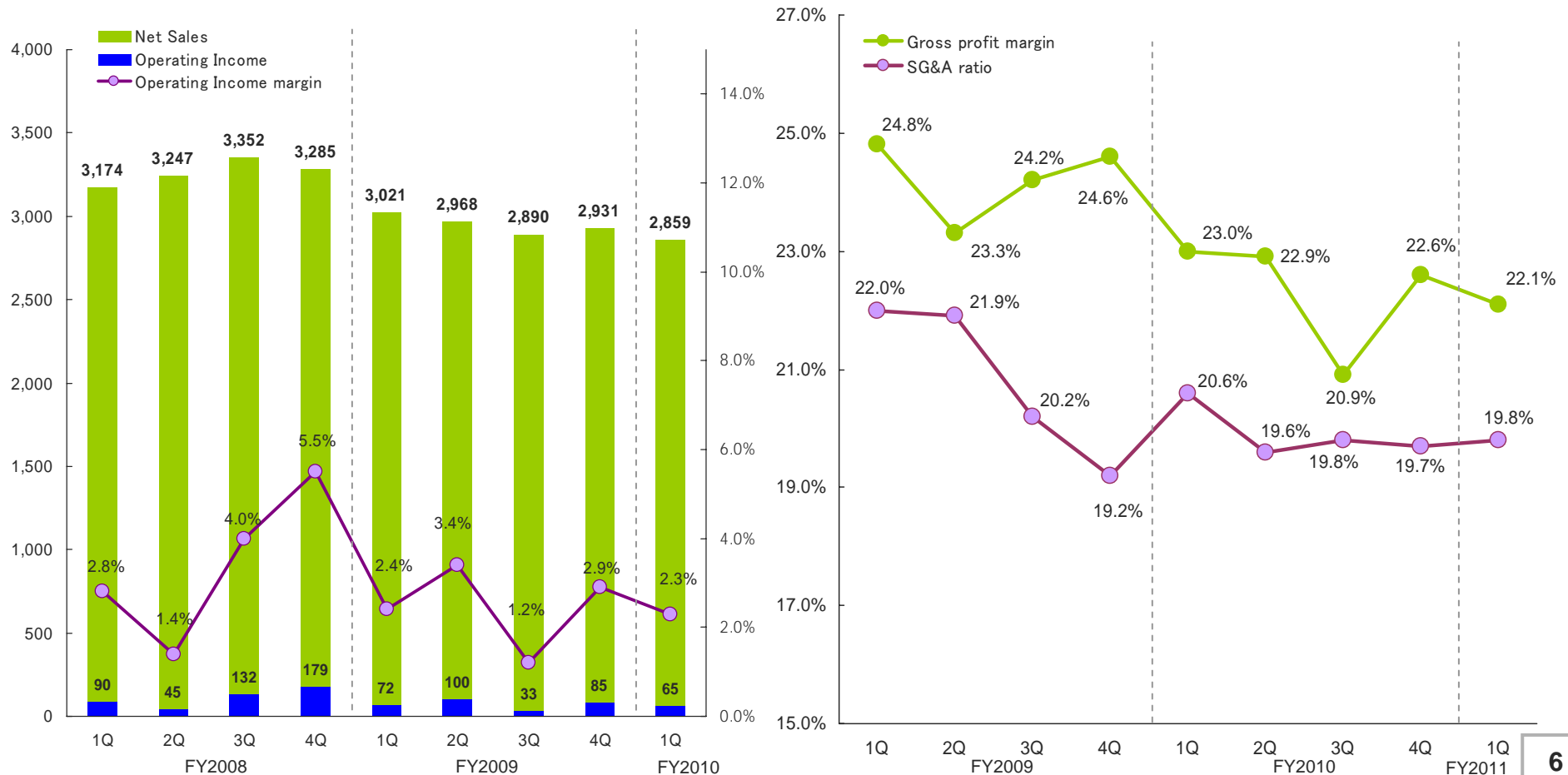
[Unit : million of yen]	FY2009 1Q	FY2010	Y on Y
N e t S a l e s	3,021	2,859	-5.4%
G r o s s P r o f i t	694	631	-9.0%
(Gross profit margin)	(23.0%)	(22.1%)	-0.9ppts
(S G & A r a t i o)	(20.6%)	(19.8%)	-0.8ppts
O p e r a t i n g I n c o m e	72	65	-9.1%
(Operating income margin)	(2.4%)	(2.3%)	-0.1ppts
O r d i n a r y I n c o m e	72	53	-25.8%
N e t I n c o m e	35	15	-56.3%

Amendment of Forecasts (Interim)

[Unit : million of yen]	Initial forecast	Amended Forecast (29, July)	Balance	1Q	Progress Ratio for Initial Forecast	Progress Ratio for Amended Forecast
Net Sales	5,741	5,970	229	2,859	49.8%	47.9%
Gross Profit	1,311	1,280	-31	631	48.2%	49.3%
(Gross profit margin)	(22.8%)	(21.4%)	-1.4ppts	(22.1%)	-	-
(SG & A ratio)	(22.1%)	(19.3%)	-2.8ppts	(19.8%)	-	-
Operating Income	41	130	89	65	160.5%	50.6%
(Operating income margin)	(0.7%)	(2.2%)	1.5ppts	(2.3%)	-	-
Ordinary Income	41	117	76	53	130.8%	45.8%
Net Income	9	50	41	15	173.7%	31.3%

Profitability – Quarterly Basis

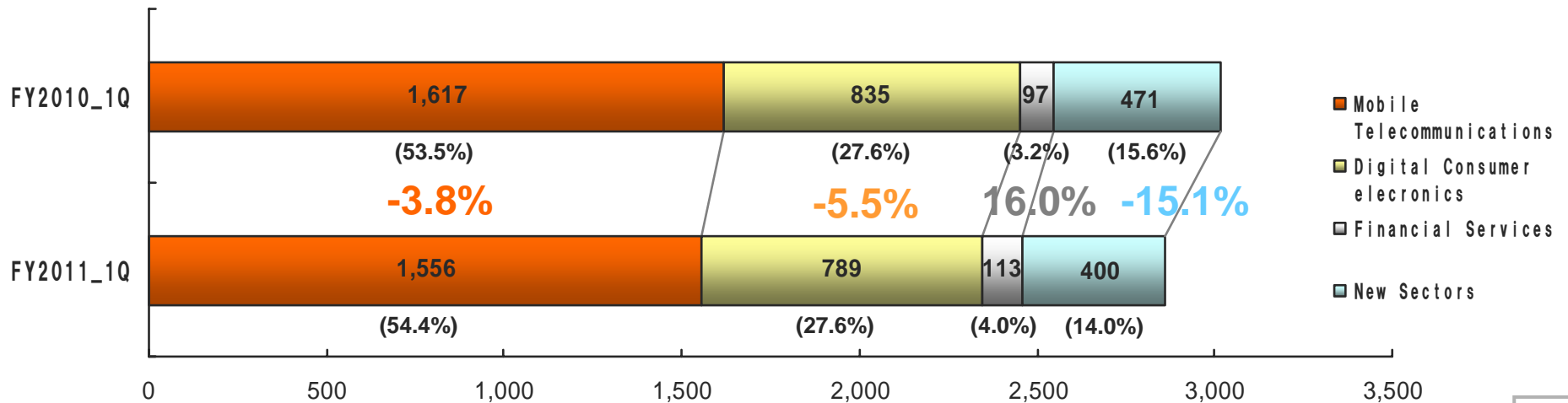
- **Gross profit margin:** Decreased 0.9% from a year earlier due to fewer weekend and sales season campaigns.
- **SG & A ratio** : Improved 0.8% year on year thanks to continuous efforts to reduce costs and expenses including office rental rates.



Sales by Customer Segment

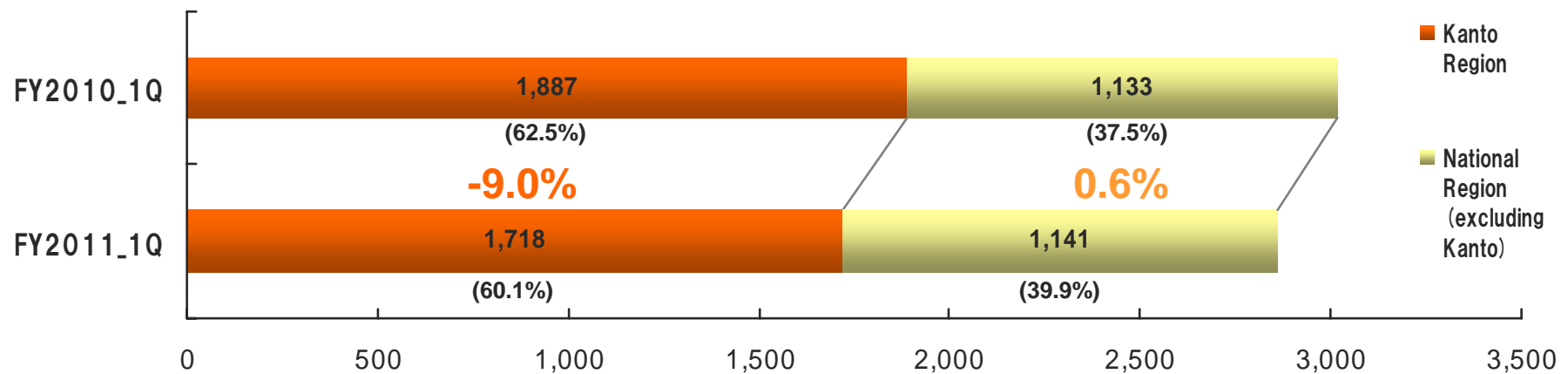
【Unit : Million of yen】

	FY2010 1Q	Share	FY2011 1Q	Share	Y on Y
M o b i l e Telecommunications	1,617	53.5%	1,556	54.4%	-3.8%
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	835	27.6%	789	27.6%	-5.5%
F i n a n c i a l S e r v i c e s	97	3.2%	113	4.0%	16.0%
N e w S e c t o r s	471	15.6%	400	14.0%	-15.1%



Sales by Geographic Region

[Unit : million of yen]	FY2010 1Q	Share	FY2011 1Q	Share	Y on Y
Kanto Region (o f f i c e s)	1,887 (11)	62.5%	1,718 (11)	60.1%	-9.0% (±0)
National (excluding Kanto) (o f f i c e s)	1,133 (15)	37.5%	1,141 (14)	39.9%	0.6% (-1)



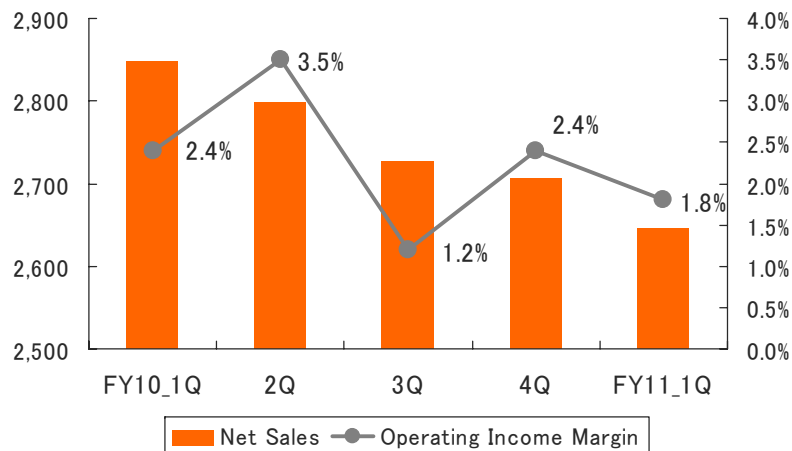
Overview of Group

		FY2010_1Q	FY2011_1Q	Y on Y
Backs group (non consolidated)	Net Sales	2,849	2,646	-7.2%
	Operating Income	68	47	-31.0%
Consolidated subsidiary	Net Sales	178	216	21.6%
	Operating Income	4	24	439.6%

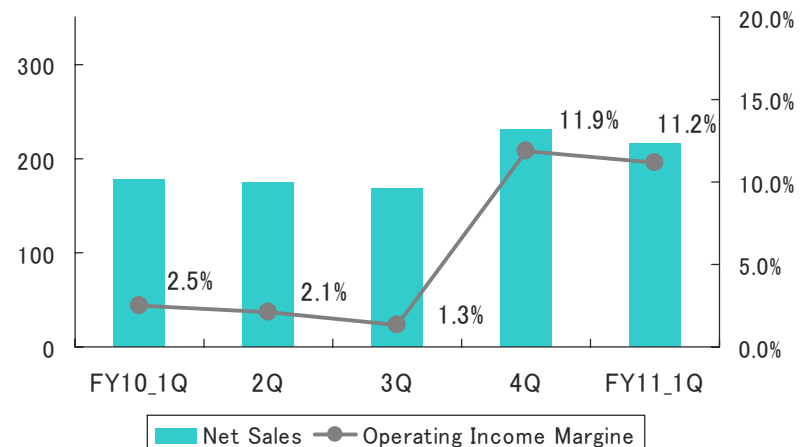
[Unit : million of yen]

■ Net Sales and Operating Income Margin
-Quarterly Basis-

Backs Group (non consolidated)



Consolidated subsidiary



Overview of Business Segment

	FY2010 1Q	FY2011 1Q	Y on Y
【Unit : million of yen】			
Net Sales	1,051	1,079	2.6%
(Share)	(34.8%)	(37.7%)	
Operating Income	48	43	-9.3%
(Operating margin)	(4.6%)	(4.1%)	-0.5ppts
Net Sales	1,970	1,780	-9.6%
(Share)	(65.2%)	(62.3%)	
Operating Income	23	21	-8.6%
(Operating margin)	(1.2%)	(1.2%)	0.0ppts

Outsourcing

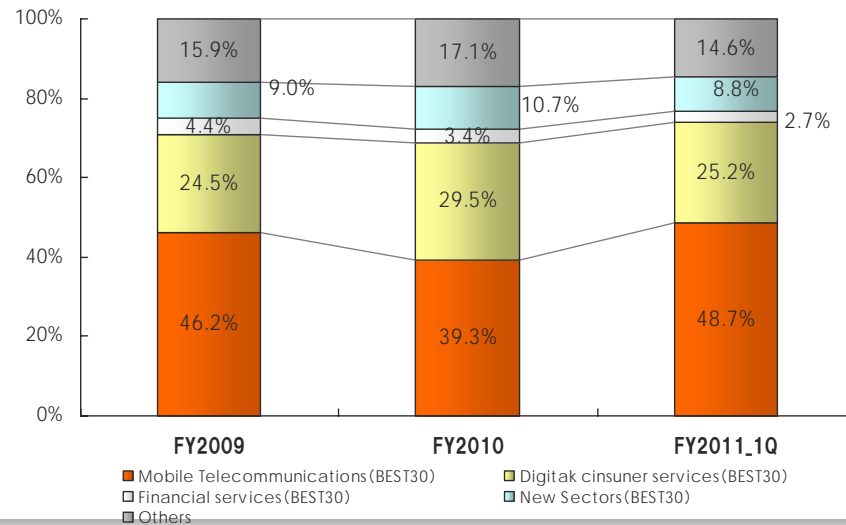
Temporary Staffing

Top 30 Customers -Sales

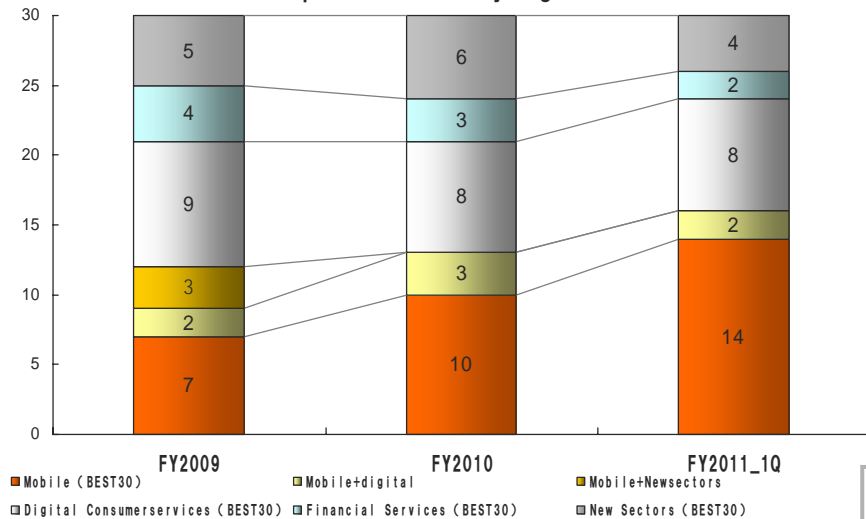
【Unit : million of yen】	FY2009			FY2010			FY2011_1Q			Y on Y
	Net Sales	Share	Firm	Net Sales	Share	Firm	Net Sales	share	Firm	
Mobile Telecommunications	6,035	46.2%	12	5,448	46.1%	13	1,393	48.7%	16	-3.6%
Digital consumer services	3,201	24.5%	12	3,014	25.5%	11	719	25.2%	10	-1.0%
Financial Services	572	4.4%	4	377	2.9%	3	76	2.7%	2	1.9%
New Sectors	1,176	9.0%	8	1,051	8.9%	6	252	8.8%	4	-24.1%
Top Thirty Total	10,986	84.1%	30	9,792	82.9%	30	2,442	85.4%	30	-5.3%
Others	2,073	15.9%	451	2,019	17.1%	469	416	14.6%	343	-5.6%
Total	13,060	100.0%	481	11,811	100.0%	499	2,859	100.0%	373	-5.4%

※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



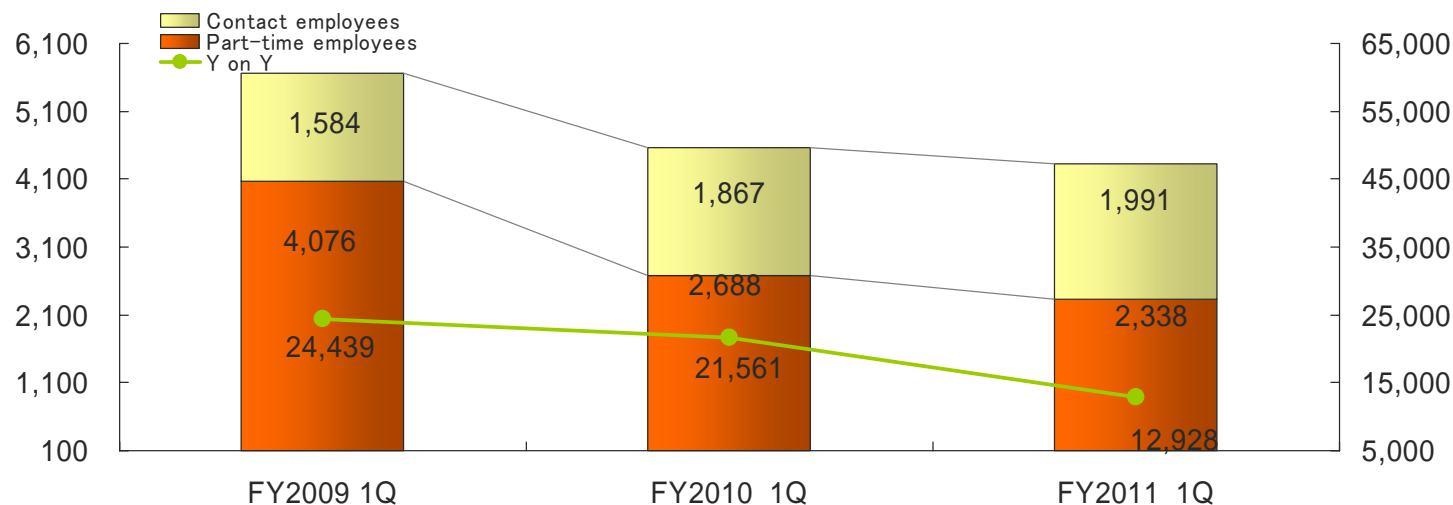
Breakdown to Top 30 Customers by Segment



Number of Staff

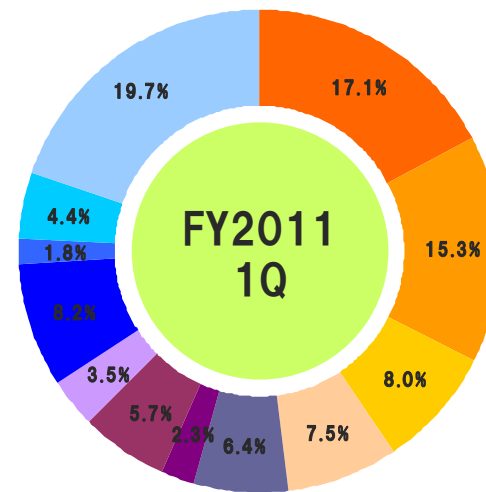
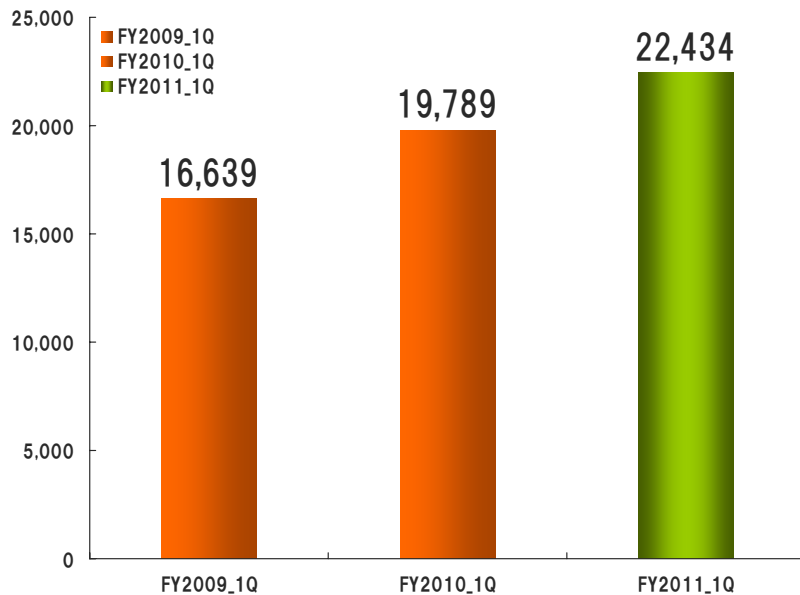
【UNIT: million of yen, person】

	FY2009 1Q	FY2010 1Q	FY2011 1Q
Active Staff (monthly average)	5,660	4,554	4,328
(Contact employees)	1,584	1,867	1,991
(Part-time employees)	4,076	2,688	2,338
Avg. sales amount per person	186	221	220
Registered staff	78,374	99,935	112,863
(Y on Y)	+24,439	+21,561	+12,928



Total number of stores serviced

	FY2009 1Q	FY2010 1Q	FY2011 1Q
Total number of stores	16,639	19,789	22,434
(Y on Y)	+3,158	+3,150	+2,645



- Consumer electronics, camera and computer
- Food Supermarkets
- Drugstores
- Mobile phone stores
- Mobile phone carrier outlet
- liquor retailers
- Home improvement retailers
- Videos, CDs, books (including rentals)
- Gasoline Stands
- Car and bike shops
- Convenience stores
- Others



Strategies



FY2011 Full year Forecasts

[Unit : million of yen]	FY2010 (Actual)	FY2011 (Forecasts)	Y on Y
N e t S a l e s	11,811	11,911	0.8%
G r o s s P r o f i t	2,641	2,755	4.3%
(Gross profit margin)	(22.4%)	(23.1%)	0.7ppts
(S G & A r a t i o)	(19.9%)	(20.9%)	1.0ppts
O p e r a t i n g I n c o m e	294	261	-11.4%
(Operating income margin)	(2.5%)	(2.2%)	-0.3ppts
O r d i n a r y I n c o m e	298	261	-12.5%
N e t I n c o m e	159	132	-17.0%

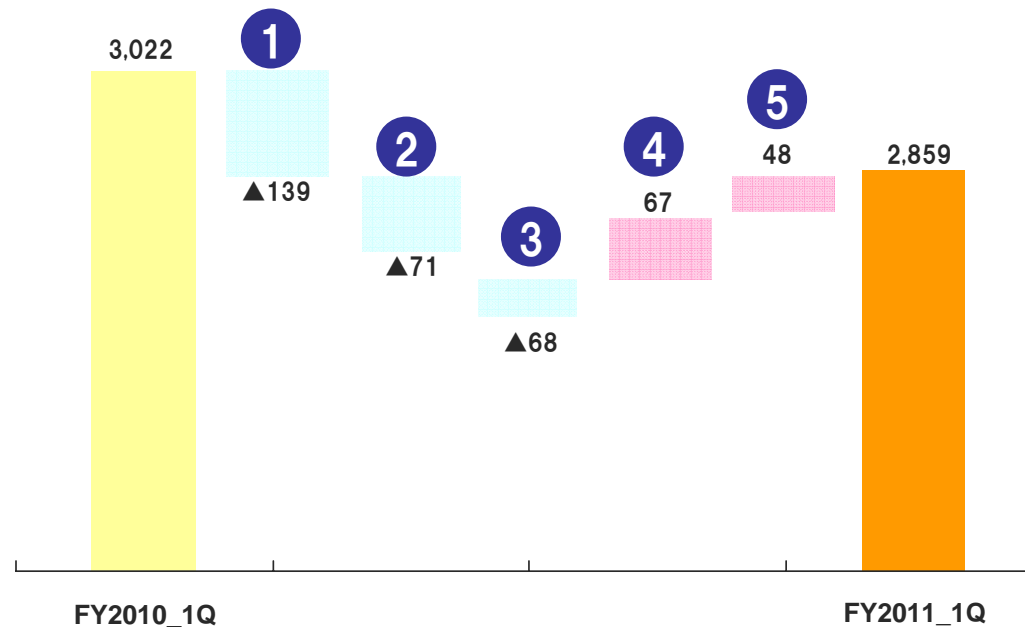
FY2011 Interim Forecasts

【Unit : million of yen】

	FY2010 Interim (Actual)	FY2011 Interim (Forecasts)	Y on Y
N e t S a l e s	5,989	5,970	-0.3%
G r o s s P r o f i t	1,375	1,280	-6.9%
(Gross profit margin)	(23.0%)	(21.4%)	-1.6ppts
(S G & A r a t i o)	(20.1%)	(19.3%)	-0.8ppts
O p e r a t i n g I n c o m e	173	130	-25.0%
(Operating income margin)	(2.9%)	(2.2%)	-0.7ppts
O r d i n a r y I n c o m e	174	117	-33.1%
N e t I n c o m e	94	50	-47.1%

Analysis on change in the consolidated results

【Net sales】

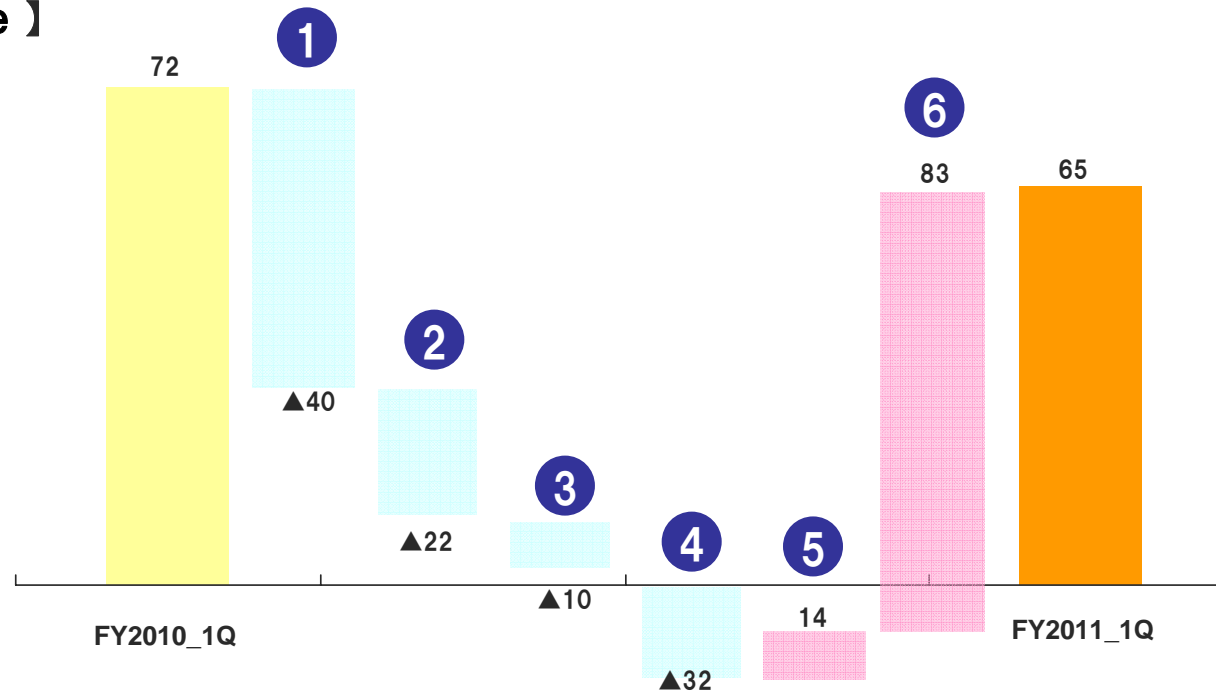


- ① Decrease in the dispatch of full-time staff
- ② Decrease weekend and shopping season campaigns
- ③ Other decreases
- ④ Acquisition of a national or wide-area batch consignment contracts
- ⑤ The Group Companies' contribution

Analysis on change in the consolidated results

【Operating Income】

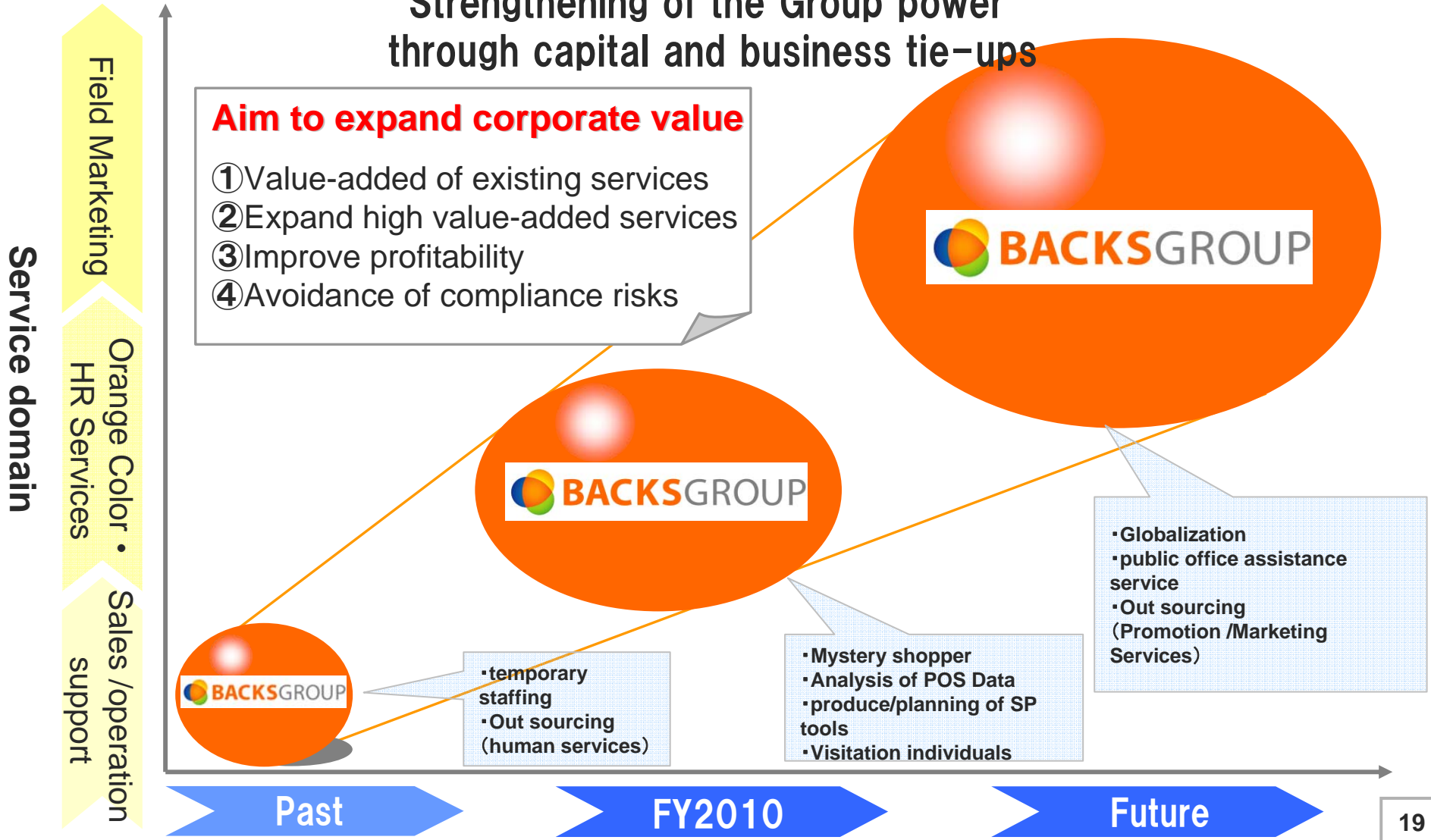
【Unit: million of yen】



- ① Decrease in the dispatch of full-time staff
- ② Decrease weekend and shopping season campaigns
- ③ Acquisition of a national or wide-area batch consignment contracts
- ④ Other increases
- ⑤ Increase thanks to the Group Companies' contribution
- ⑥ Decrease in the fixed cost as a result of cost reduction

Future growth strategy

Strengthening of the Group power through capital and business tie-ups



Strategies

Objective

Measures

Concrete effort

Sales growth

Reinforce outsourcing

Field Marketing

received orders for wide-area batch consignment contracts

- present a package proposal covering the planning of shop front sales. promotion to research and analysis.
- a proposal for gaining national clients.
- expansion of support services related to personal call operations for government agencies.

Profitability improvement

Introduction of secretariat function

Received orders for campaign contracts

- Establishment of an operating system matching the revision of the Worker Dispatch Act.
- proposal matched to client needs.

Enhancement of effort

Education of the staff

Expand our service portfolio

Thorough enforcement of compliance

- Implementation of highly specialized education and training.
- Accumulation of the staff training/ education
- Reinforcement of coordination with the Group Companies.

Strategies

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

Internal Efforts

- Acquisition of mobile system certification.
- education and training for acquiring knowledge of high-function products.
- acquisition of a national or wide-area batch consignment contracts with high customer 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:54.4%**
- Acquisition of the secretariat and proposal
→ **the operation has been started for one company and many proposals are made nationwide.**
- cooperation with the REQUEST Group
→ **concert management, planning and management of daily goods events at shop fronts**



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**
- Expanding services in the field services segment
→ **Alliance with ICR**



- 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

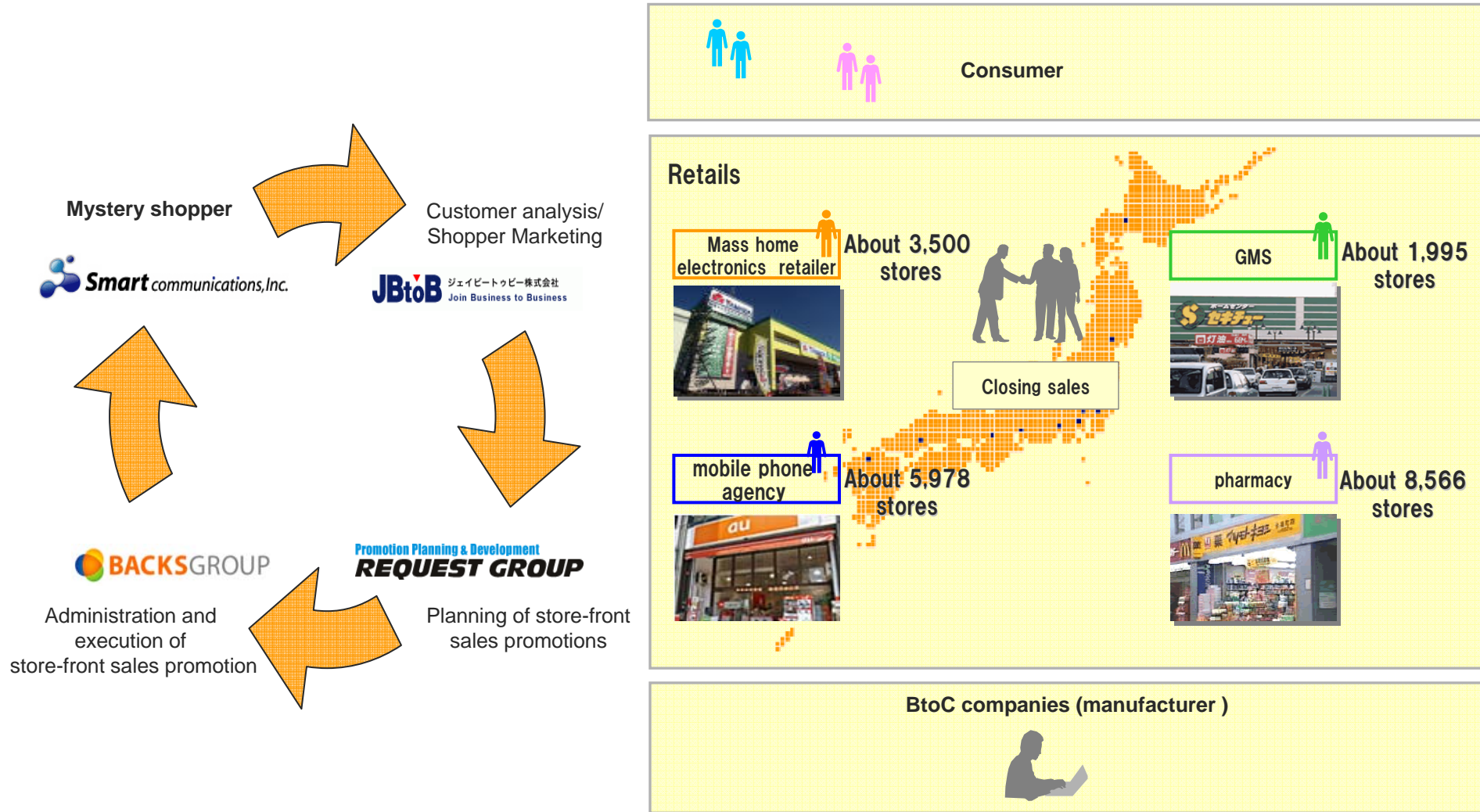
◎ Provision of high value-added outsourcing services.
(Receipt of package contracts covering whole nation or area in the fields of sales/sales assist activities)

◎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.

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





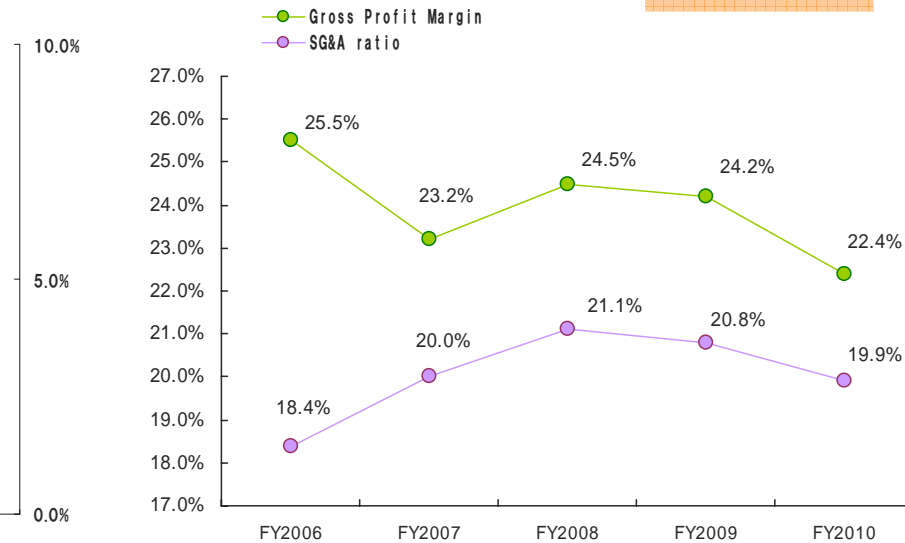
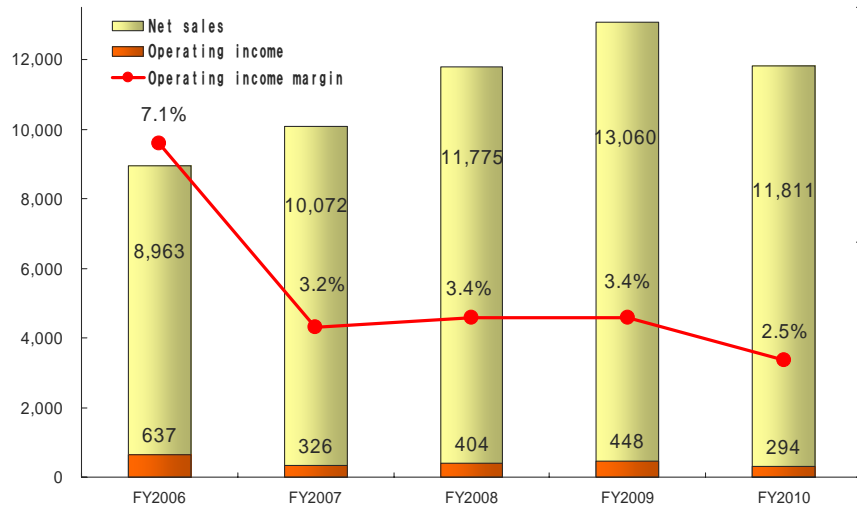
References



Performance Trends

【Unit: million of yen】

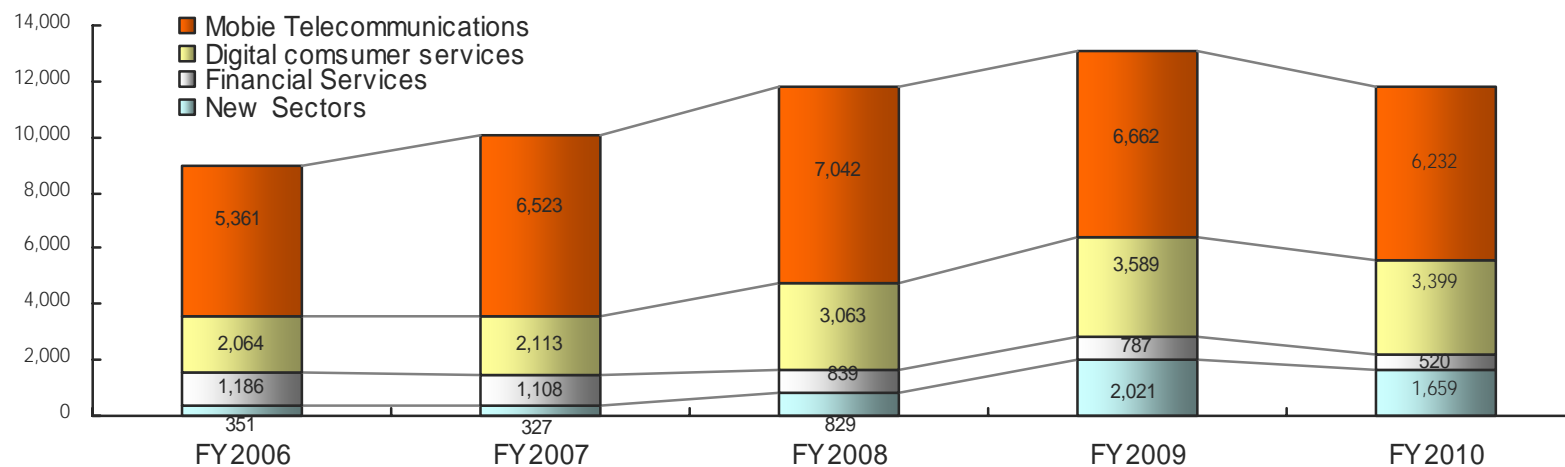
	FY2006	FY2007	FY2008	FY2009	FY2010
Net Sales	8,963	10,072	11,775	13,060	11,811
Gross Profit	2,283	2,338	2,883	3,163	2,641
(Gross Profit Margin)	(25.5%)	(23.2%)	(24.5%)	(24.2%)	(22.4%)
(SG&A ratio)	(18.4%)	(20.0%)	(21.1%)	(20.8%)	(19.9%)
Operating Income	637	326	404	448	294
(Operating Income margin)	(7.1%)	(3.2%)	(3.4%)	(3.4%)	(2.5%)
Ordinary Income	637	319	401	447	298
Net Income	371	179	210	177	159



Sales by Customer Segment

【Unit: million of yen】

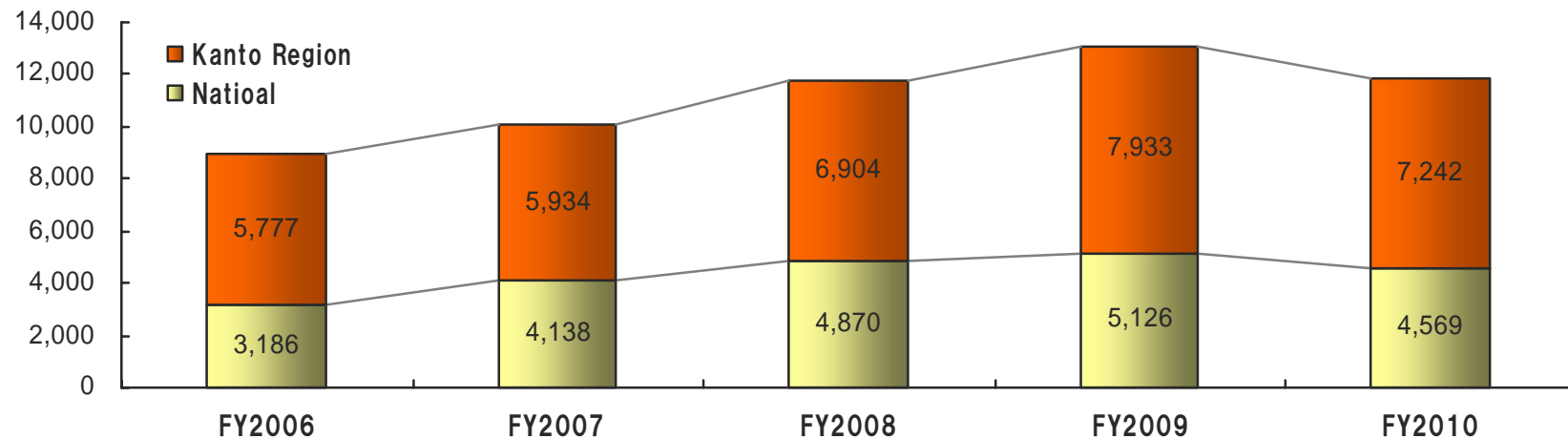
		FY2006	FY2007	FY2008	FY2009	FY2010
Mobile Telecommunications	Net Sales	5,361	6,523	7,042	6,662	6,232
	Share	59.8%	64.8%	59.8%	51.0%	52.8%
Digital consumer electronics	Net Sales	2,064	2,113	3,063	3,589	3,399
	Share	23.0%	21.0%	26.0%	27.5%	28.8%
Financial Services	Net Sales	1,186	1,108	839	787	520
	Share	13.2%	11.0%	7.1%	6.0%	4.4%
New Sectors	Net Sales	351	327	829	2,021	1,659
	Share	4.0%	3.3%	7.0%	15.5%	14.0%



Sales by Geographic Region

【Unit: million of yen】

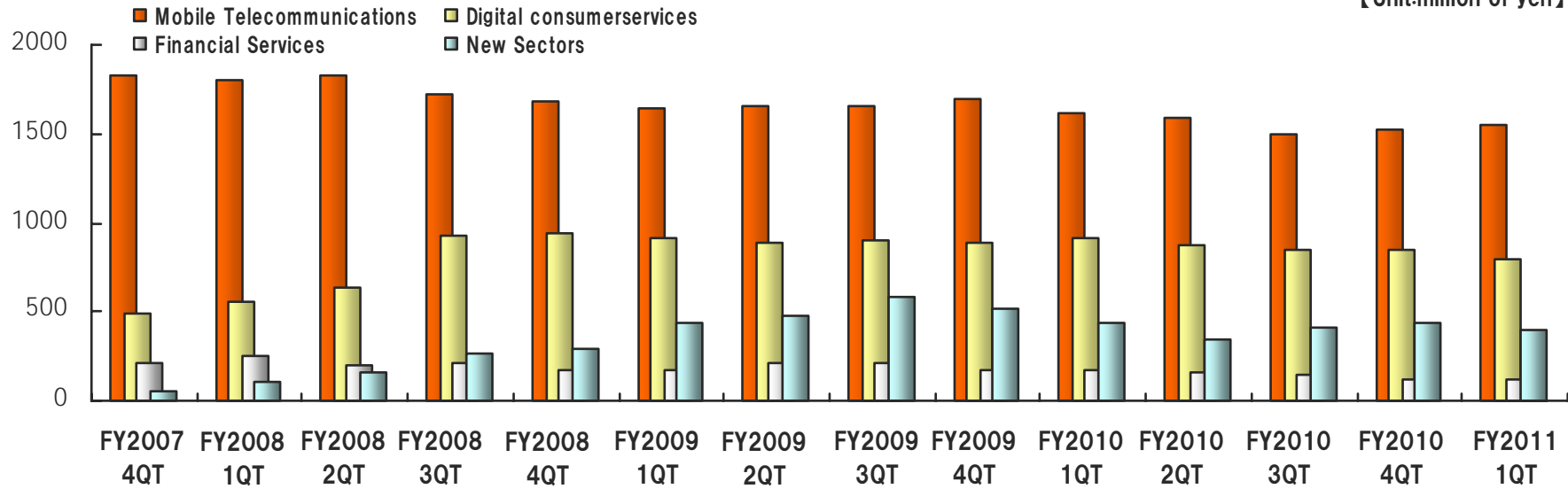
		FY2006	FY2007	FY2008	FY2009	FY2010
Kanto Region	Net Sales	5,777	5,934	6,904	7,933	7,242
	Share	64.5%	58.9%	58.6%	60.7%	61.3%
	Offices	(9)	(9)	(13)	(13)	(11)
National (excluding Kanto)	Net Sales	3,186	4,138	4,870	5,126	4,569
	Share	35.5%	41.1%	41.4%	39.3%	38.7%
	Offices	(13)	(14)	(20)	(17)	(15)



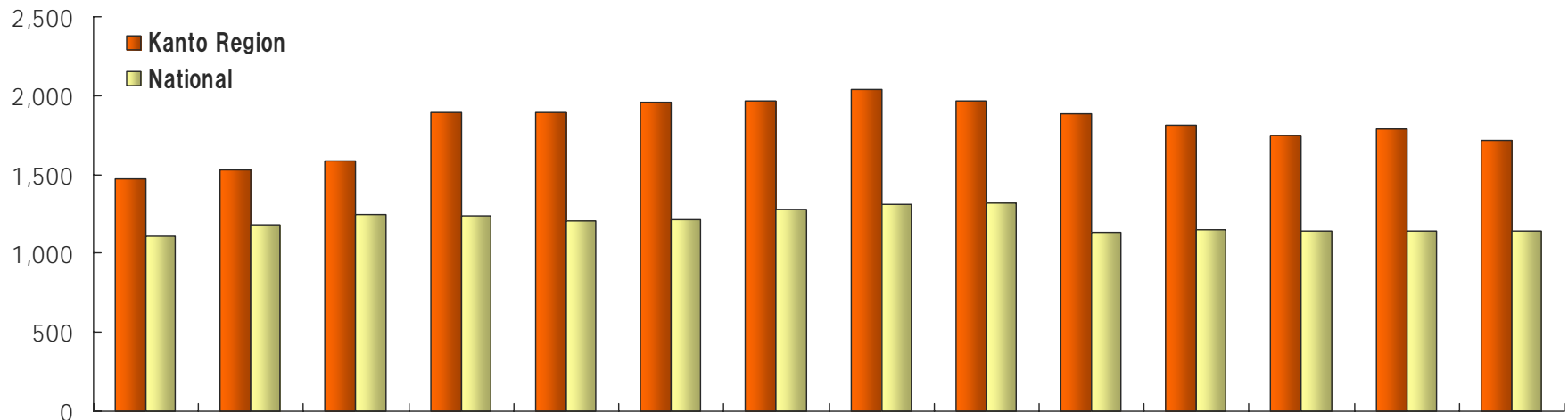
Quarterly Trends In Sales—by Customer Segment and Region

Sales by Customer Segment

[Unit: million of yen]



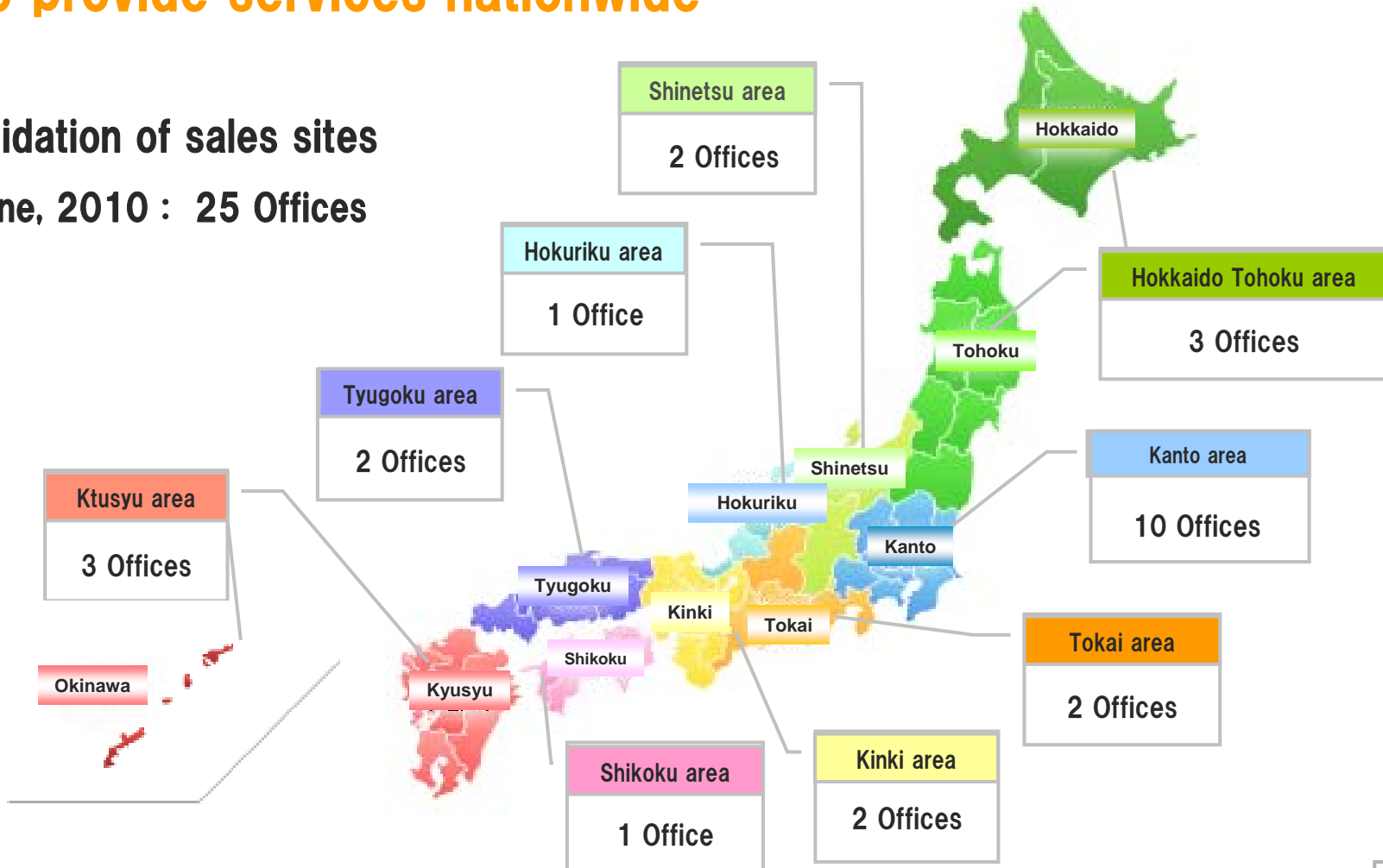
Sales by Geographic Region



Sales sites

Able to provide services nationwide

- Consolidation of sales sites
As of June, 2010 : 25 Offices



Consolidated Cash Flows

【Unit: million of yen】	FY2010_1Q	FY2011_1Q	Y on Y	Changing Factors
Cash flows from operating activities	111	242	118.0%	This was due to a decrease of ¥151 million in accounts receivable and increases of ¥63 million in consumption tax payable and ¥35 million in accrued expenses.
Cash flows from investing activities	△13	△28	111.8%	This was due to a payment of ¥31 million for investments in securities despite a receipt of ¥3 million from a drawdown of deposits and guarantees.
Cash flows from financing activities	△28	△36	25.7%	This is due to the payment of ¥35 million dividend payment.
Cash and cash equivalents at the end of the period	1,042	1,201	15.2%	
Change in Cash and Cash Equivalents	69	177	157.6%	

Consolidated Statement of Cash Flows

【Unit: million of yen】	FY2006	FY2007	FY2008	FY2009	FY2010
Cash flows from operating activities	342	247	△14	346	129
Cash flows from investing activities	△101	△78	△112	△31	△34
Cash flows from financing activities	△92	79	△518	△169	△45
Cash and cash equivalents at the end of the period	1,226	1,474	828	973	1,023
Change in cash equivalents at the end of the period	+147	+248	△646	+145	+49

Sales and Profits Trends—by Group Company

【Unit: million of yen】		FY2010_1Q	FY2011_1Q	Y on Y
Backs Group	Net sales	2,849	2,646	-7.2%
	Gross Profit	669	568	-15.1%
	Operating Income	68	47	-31.0%
Entertainment Commons	Net sales	165	154	-6.9%
	Gross Profit	21	20	-6.5%
	Operating Income	1	5	+159.0%
Smart Communications	Net sales	12	13	+9.5%
	Gross Profit	5	8	+56.7%
	Operating Income	2	4	+84.9%

※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				FY2010 Interim				FY2010			
	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	0.00
Bank and trust companies	3	0.05	1,686	1.14	3	0.05	2,362	1.59	1	0.01	500	0.33
Insurance/Non-life insurance companies	0	0.00	0.00	0.00	0	0.00	0.00	0.00	0	0.00	0	0.00
Other financial institutions	2	0.04	1,846	1.24	2	0.03	1,046	0.70	2	0.03	548	0.36
Securities companies	18	0.32	1,897	1.28	9	0.15	1,382	0.93	9	0.16	1,203	0.81
Other corporations	34	0.61	12,389	8.34	35	0.61	11,668	7.85	34	0.61	11,610	7.81
Foreign corporations	8	0.14	257	0.17	7	0.12	123	0.08	7	0.12	84	0.05
Individual / others	5,549	98.82	107,899	72.65	5,611	98.99	109,393	73.65	5,477	99.02	112,029	75.43
Treasury stock	1	0.02	22,541	15.18	1	0.01	22,541	15.17	1	0.01	22,541	15.17
Total	5,615	100.00	148,515	100.00	5,668	100.00	148,515	100.00	5,531	100.00	148,515	100.00
Big shareholders	10	0.17	51,088	34.39	10	0.17	50,894	34.26	10	0.18	52,425	35.29
Floating stocks	5,331	94.94	35,428	23.85	5,378	94.88	35,836	24.12	5,243	94.79	35,701	24.03
Special socks	16	0.28	74,589	50.22	16	0.28	75,119	50.58	17	0.3	76,133	51.26

Dividend Policy

【Unit : yen】



【FY2010】

- Total amount of dividends: approximately 45 million yen annually
- Dividends per share: approximately 360 yen annually

【FY2011】

- Total amount of dividends (forecasts): approximately 32 million of yen annually
- Dividends per share (forecasts): approximately 265 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

This presentation and its related materials contain forward-looking statements about the plans, strategies, beliefs, and performance of Backs Group Inc. that are not historical facts. These forward-looking statements are based on current expectations, estimates, forecasts and projections about the industries in which Backs Group Inc. operates; on management's beliefs; and on assumptions made by management. As expectations, estimates, forecasts and projections are subject to a number of risks, uncertainties, and assumptions, actual results may differ materially from those projected. Backs Group Inc. therefore wishes to caution readers not to place undue reliance on forward-looking statements. Furthermore, Backs Group Inc. undertakes no obligation to update any forward-looking statements as a result of new information, future events, or other developments.

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