

BACKS GROUP Inc.

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

November 2, 2010



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Results Highlights



FY2011 2Q Results Highlights

[Unit : million of yen]	FY2010 2Q	FY2011 2Q	Y on Y
N e t S a l e s	5,989	6,123	2.2%
G r o s s P r o f i t	1,375	1,293	-5.9%
(Gross profit margin)	(23.0%)	(21.1%)	-1.8ppts
(S G & A r a t i o)	(20.1%)	(18.3%)	-1.7ppts
O p e r a t i n g I n c o m e	173	170	-1.7%
(Operating income margin)	(2.9%)	(2.8%)	-0.1ppts
O r d i n a r y I n c o m e	174	161	-7.5%
N e t I n c o m e	94	76	-19.1%

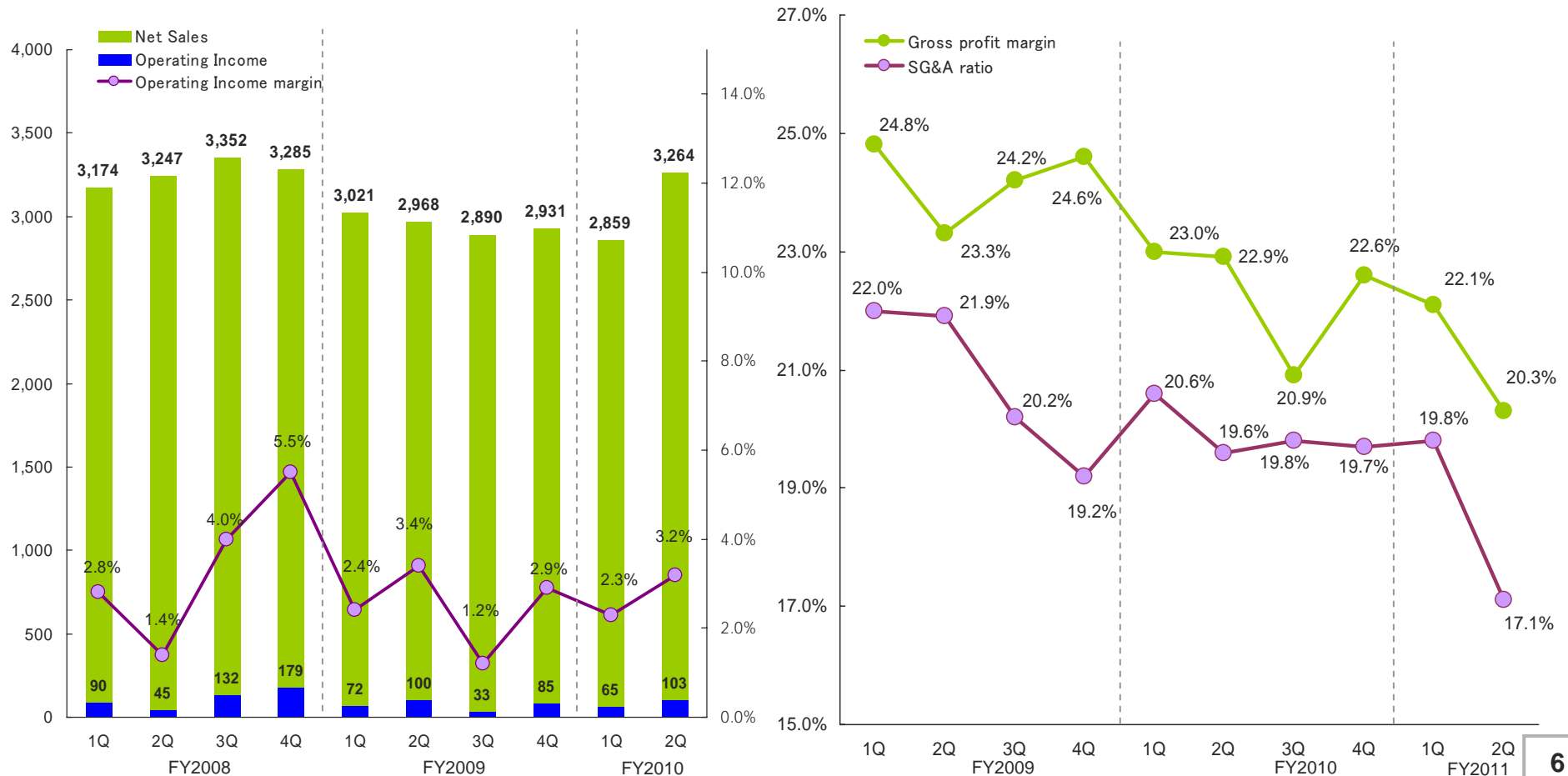
Amendment of Forecasts (Full term)

[Unit : million of yen]	Initial forecast	Amended Forecast (12, Oct)	Balance	2Q	Progress Ratio for Amended Forecast
Net Sales	11,911	12,490	579	6,123	49.0%
Gross Profit	2,755	2,640	-115	1,293	49.0%
(Gross profit margin)	(23.1%)	(21.1%)	-2.0ppts	(21.1%)	-
(SG & A ratio)	(20.9%)	(18.3%)	-2.6ppts	(18.3%)	-
Operating Income	261	350	89	170	48.7%
(Operating income margin)	(2.2%)	(2.8%)	0.6ppts	(2.8%)	-
Ordinary Income	261	340	79	161	47.6%
Net Income	132	190	58	76	40.3%

Profitability – Quarterly Basis

● **Gross profit margin:** Decreased by 1.8 points due to the impact of the low profit margin of entertainment events that account for a large percentage of sales .

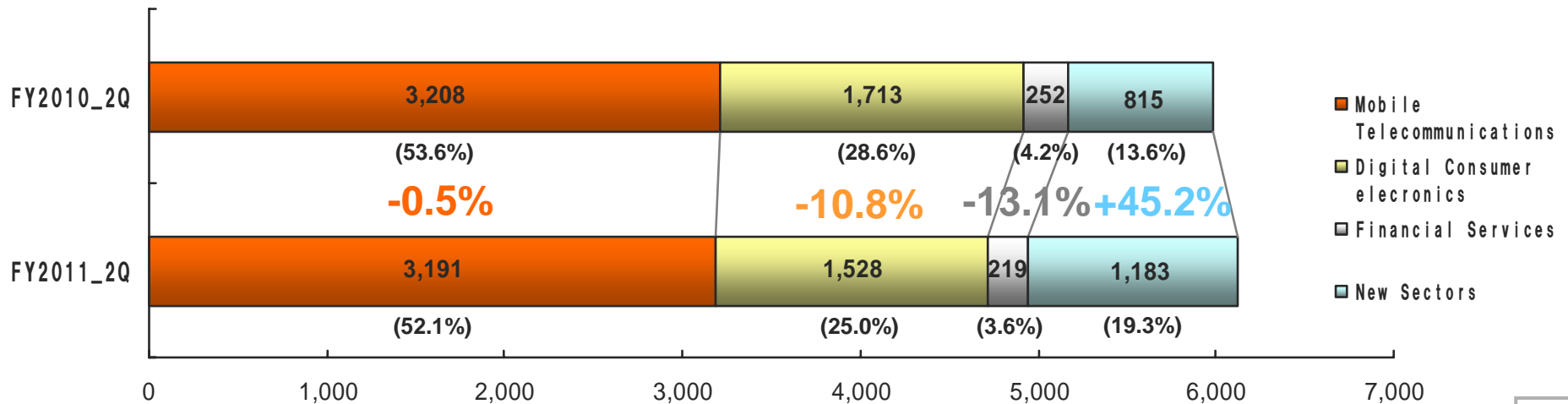
● **SG & A ratio** : Improved by 2.7 points due to an increase in net sales and streamlining of business operations.



Sales by Customer Segment

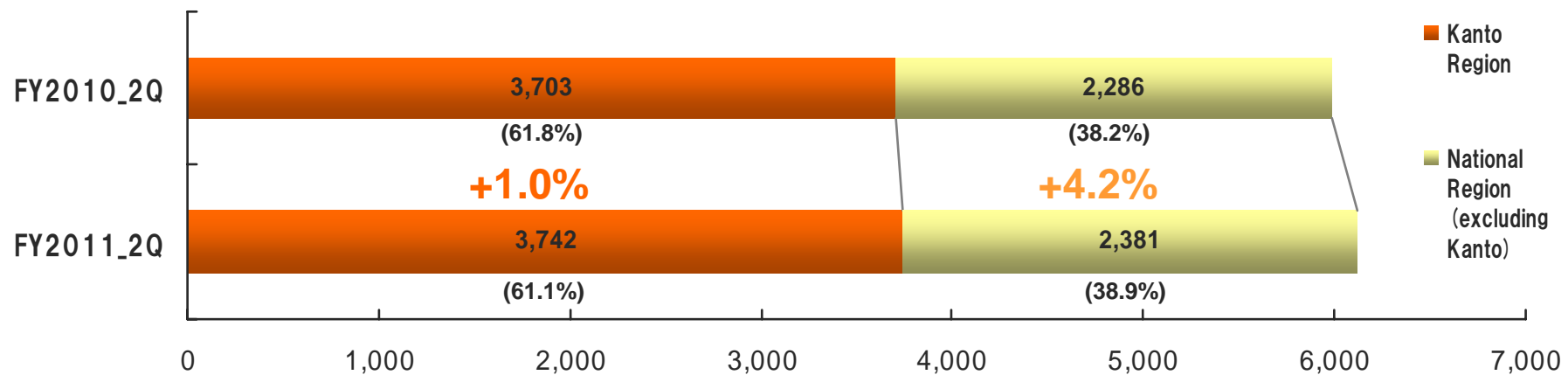
【Unit : Million of yen】

	FY2010 2Q	Share	FY2011 2Q	Share	Y on Y
M o b i l e Telecommunications	3,208	53.6%	3,191	52.1%	-0.5%
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	1,713	28.6%	1,528	25.0%	-10.8%
F i n a n c i a l S e r v i c e s	252	4.2%	219	3.6%	-13.1%
N e w S e c t o r s	815	13.6%	1,183	19.3%	45.2%



Sales by Geographic Region

[Unit : million of yen]	FY2010 2Q	Share	FY2011 2Q	Share	Y on Y
Kanto Region (o f f i c e s)	3,703 (11)	61.8%	3,742 (11)	61.1%	1.0%
National (excluding Kanto) (o f f i c e s)	2,286 (15)	38.2%	2,381 (14)	38.9%	4.2%



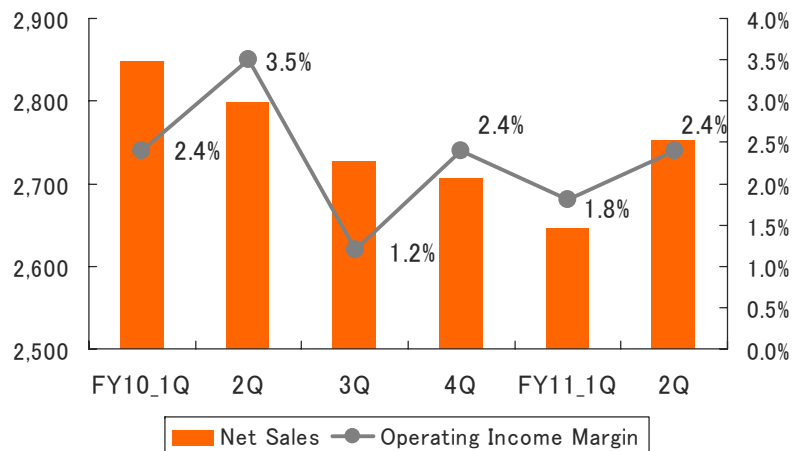
Overview of Group

		FY2010 2Q	FY2011 2Q	Y on Y
Backs group (non consolidated)	Net Sales	5,649	5,398	-4.4%
	Operating Income	166	127	-23.3%
Consolidated subsidiary	Net Sales	353	820	131.9%
	Operating Income	8	53	551.6%

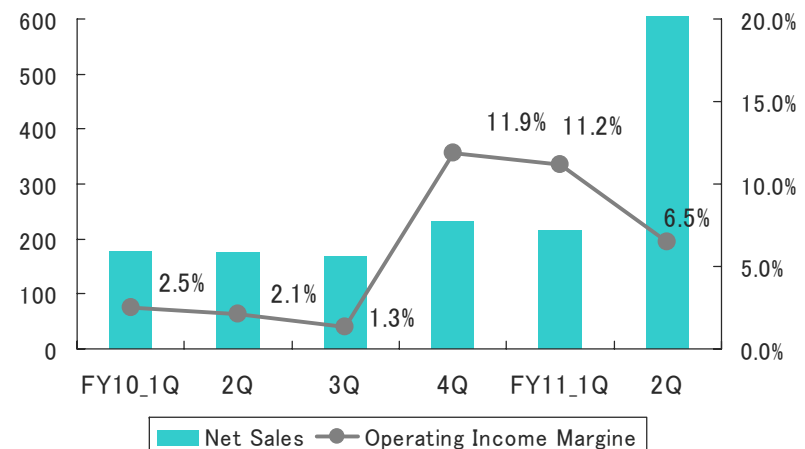
[Unit : million of yen]

■ Net Sales and Operating Income Margin
-Quarterly Basis-

Backs Group (non consolidated)



Consolidated subsidiary



Overview of Business Segment

	FY2010 2Q	FY2011 2Q	Y on Y
【Unit : million of yen】			
Net Sales	2,212	2,552	15.4%
(Share)	(36.9%)	(41.7%)	
Operating Income	108	104	-3.1%
(Operating margin)	(4.9%)	(4.1%)	-0.8ppts
Net Sales	3,777	3,570	-5.5%
(Share)	(63.1%)	(58.3%)	
Operating Income	64	65	0.7%
(Operating margin)	(1.7%)	(1.8%)	0.1ppts

Outsourcing

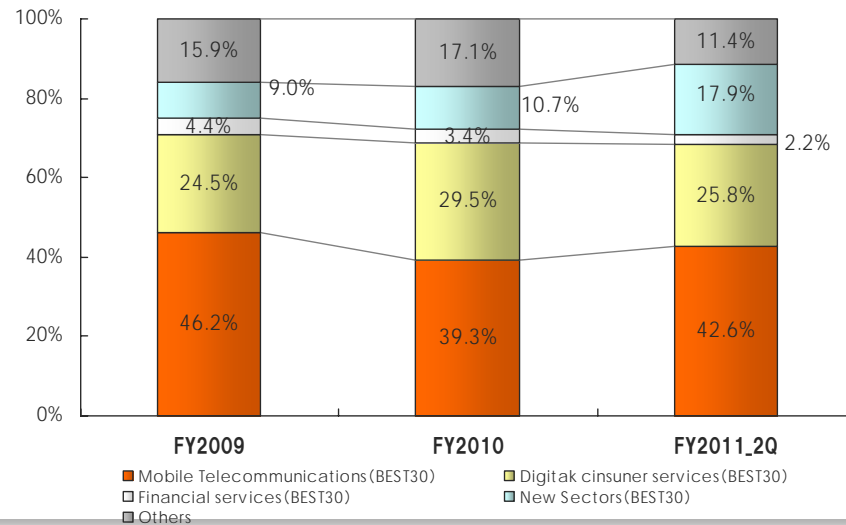
Temporary Staffing

Top 30 Customers - Sales

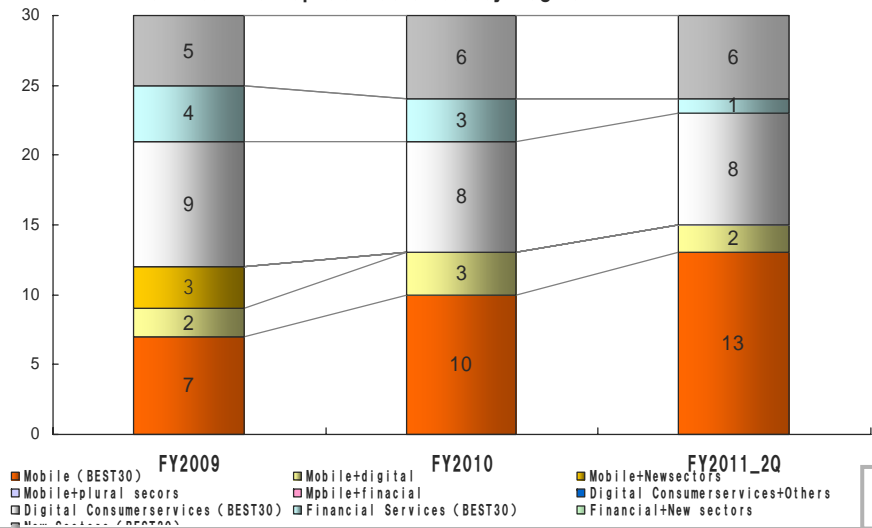
【Unit : million of yen】	FY2009			FY2010			FY2011_2Q			Y on Y
	Net Sales	Share	Firm	Net Sales	Share	Firm	Net Sales	share	Firm	
Mobile Telecommunications	6,035	46.2%	12	5,448	46.1%	13	2,806	45.8%	15	-1.7%
Digital consumer services	3,201	24.5%	12	3,014	25.5%	11	1,390	22.7%	10	-6.9%
Financial Services	572	4.4%	4	377	2.9%	3	116	1.9%	1	-43.4%
New Sectors	1,176	9.0%	8	1,051	8.9%	6	942	15.4%	6	72.0%
Top Thirty Total	10,986	84.1%	30	9,792	82.9%	30	5,256	85.8%	30	3.0%
Others	2,073	15.9%	451	2,019	17.1%	469	867	14.2%	389	-2.1%
Total	13,060	100.0%	481	11,811	100.0%	499	6,123	100.0%	419	2.2%

※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



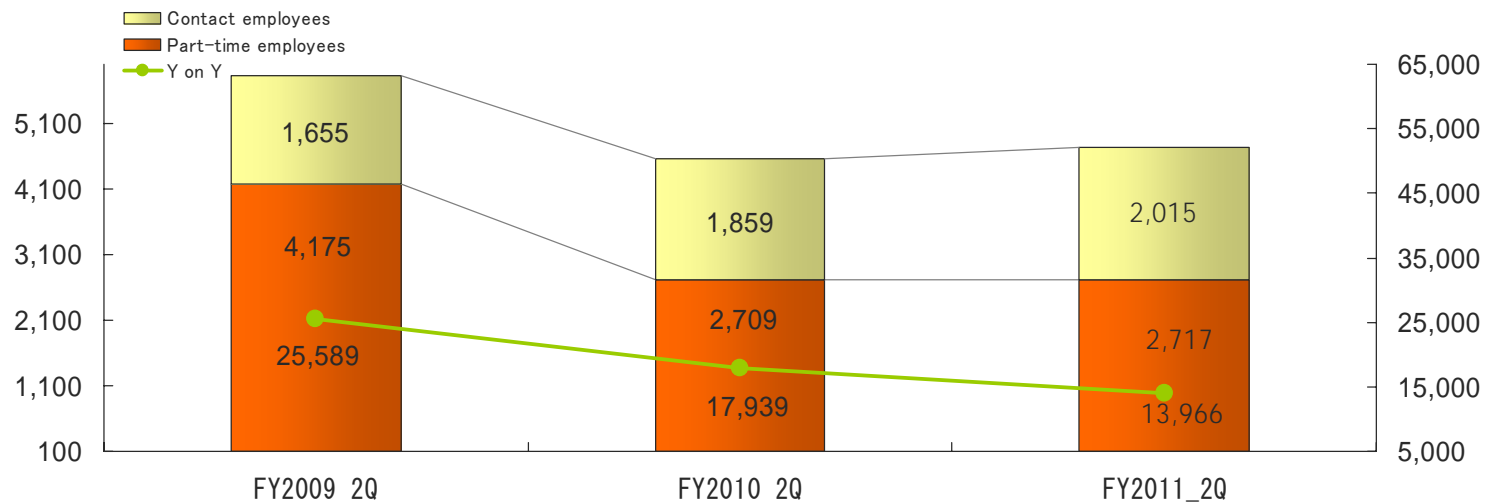
Breakdown to Top 30 Customers by Segment



Number of Staff

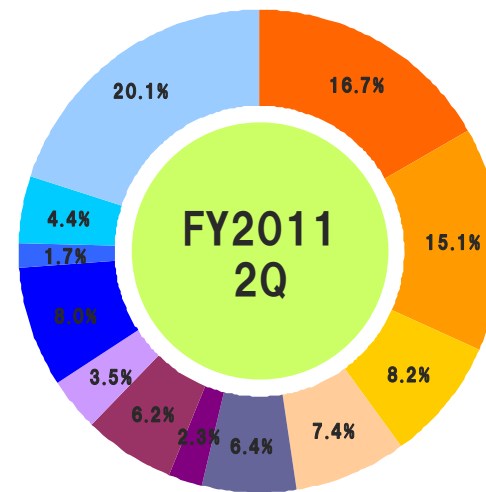
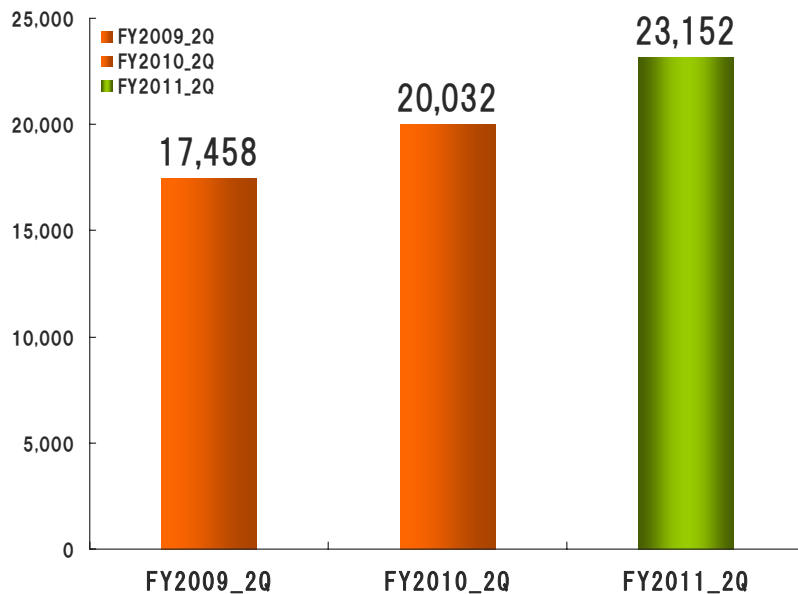
【UNIT: million of yen, person】

	FY2009 2Q	FY2010 2Q	FY2011 2Q
Active Staff (monthly average)	5,830	4,567	4,732
(Contact employees)	1,655	1,859	2,015
(Part-time employees)	4,175	2,709	2,717
Avg. sales amount per person	183	218	215
Registered staff	85,437	103,376	117,342
(Y on Y)	+25,589	+17,939	+13,966



Total number of stores serviced

	FY2009 2Q	FY2010 2Q	FY2011 2Q
Total number of stores	17,458	20,032	23,152
(Y on Y)	+3,473	+2,574	+3,120



- 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



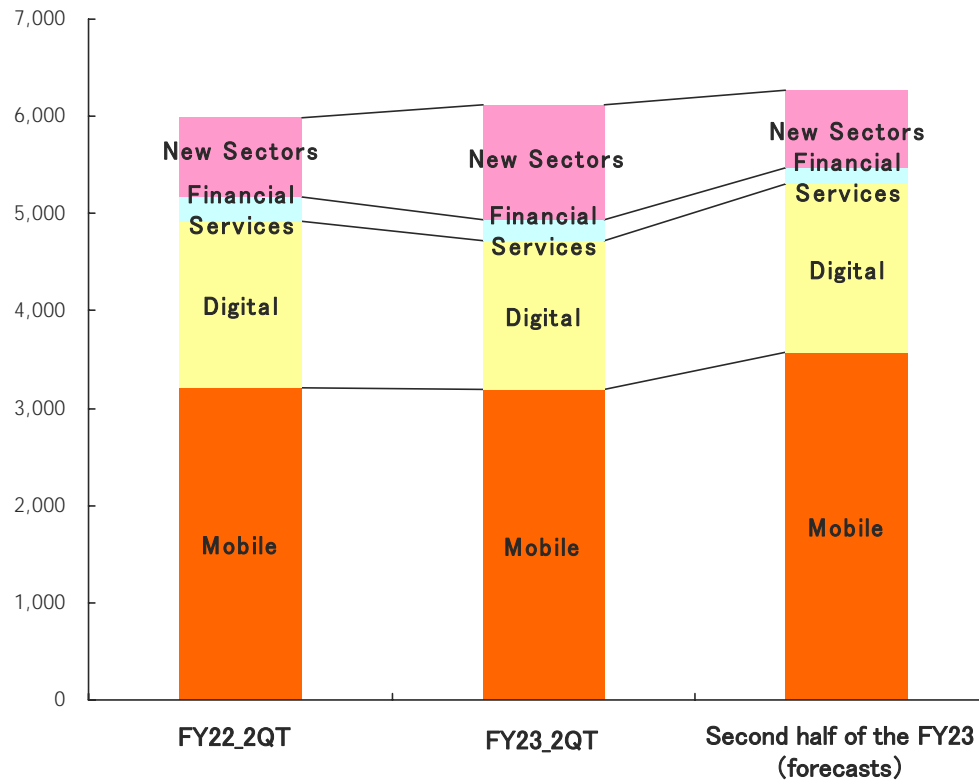
FY2011 Full year Forecasts

[Unit : million of yen]	FY2010 (Actual)	FY2011 (Forecasts)	Y on Y
N e t S a l e s	11,811	12,490	5.7%
G r o s s P r o f i t	2,641	2,640	-0.1%
(Gross profit margin)	(22.4%)	(21.1%)	-1.2ppts
(S G & A r a t i o)	(19.9%)	(18.3%)	-1.5ppts
O p e r a t i n g I n c o m e	294	350	18.8%
(Operating income margin)	(2.5%)	(2.8%)	0.3ppts
O r d i n a r y I n c o m e	298	340	14.0%
N e t I n c o m e	159	190	19.5%

Strategies –Sales by Customer Segment–

Sales by customer segment

【Unit : Million of yen】



【 Mobile Telecommunications 】

- ① Acquisition of secretariat projects.
- ② Promote the receipt of orders for fall and winter sales campaigns (smart phones).

【 Digital Consumer electronics 】

- ① Improve profitability by increasing orders received for wide-area batch consignment contracts.
- ② Expand business with national clients.

【 Financial Services 】

- ① Increase orders received for credit cards co-branded with shopping malls, etc.

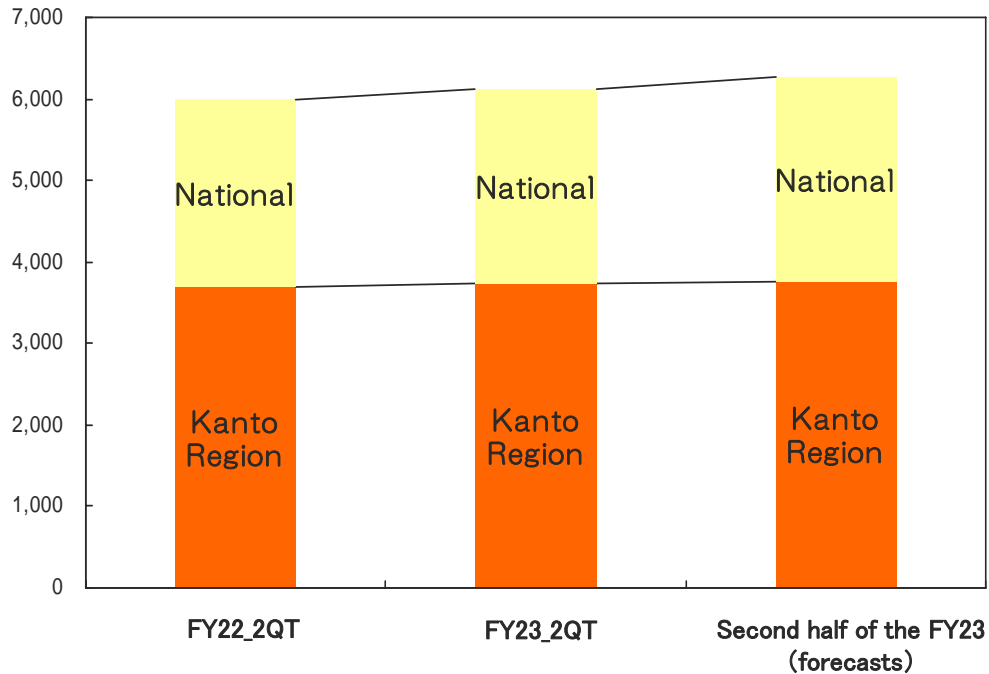
【 New Sectors 】

- ① Promote the receipt of orders for consumer product campaigns.
- ② Acquisition of projects involving cooperation with Group companies.

Strategies –Sales by Geographic Region–

Sales by geographic region

[Unit : Million of yen]



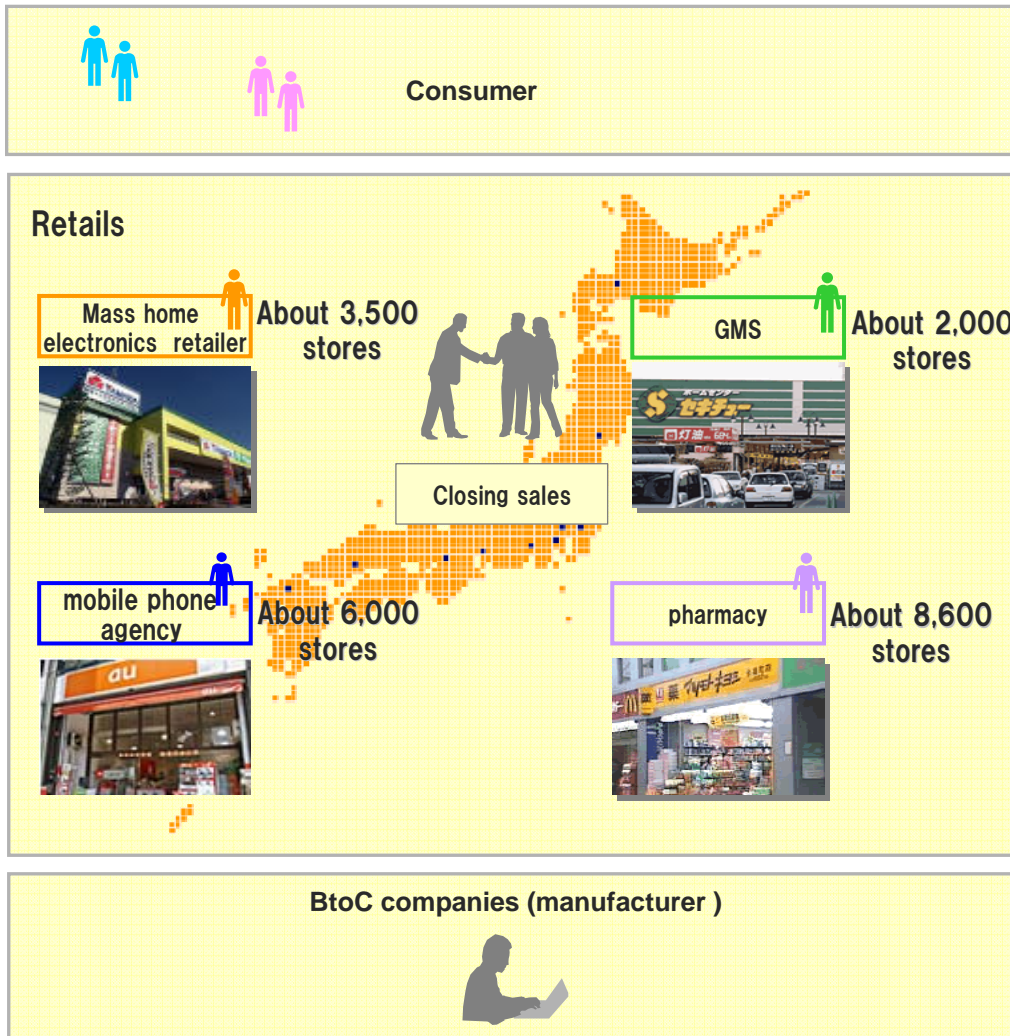
[Kanto Region]

Seek to spread business nationwide by acquiring consignment contracts for new product campaigns.

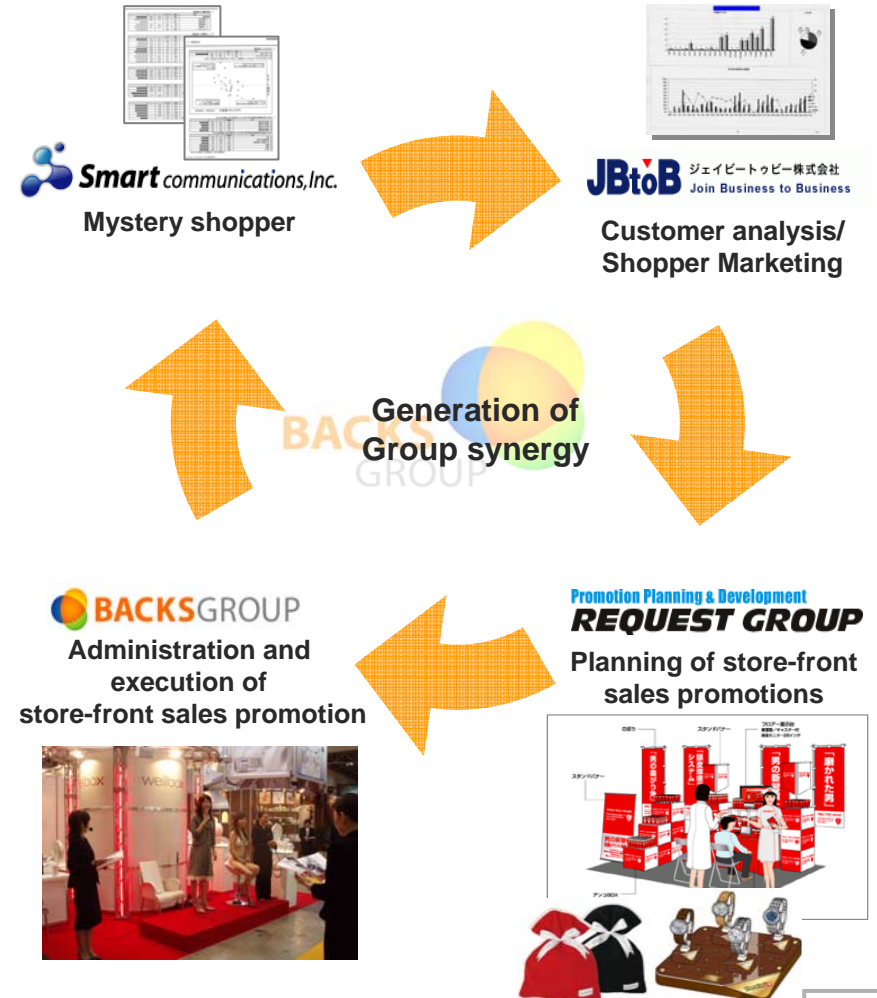
[National (excluding Kanto)]

Seek to expand consignment areas through high-quality secretariat operations.

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



◀Strengthening of the Group power▶





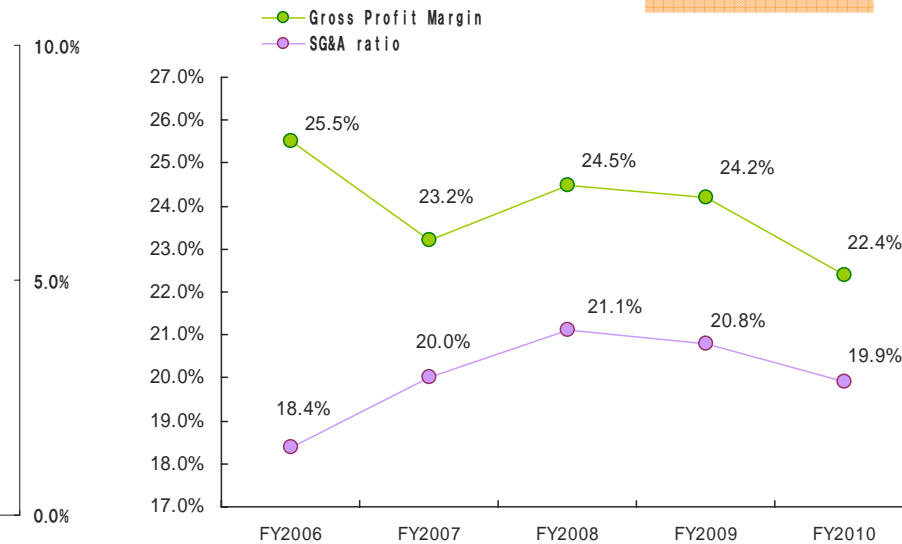
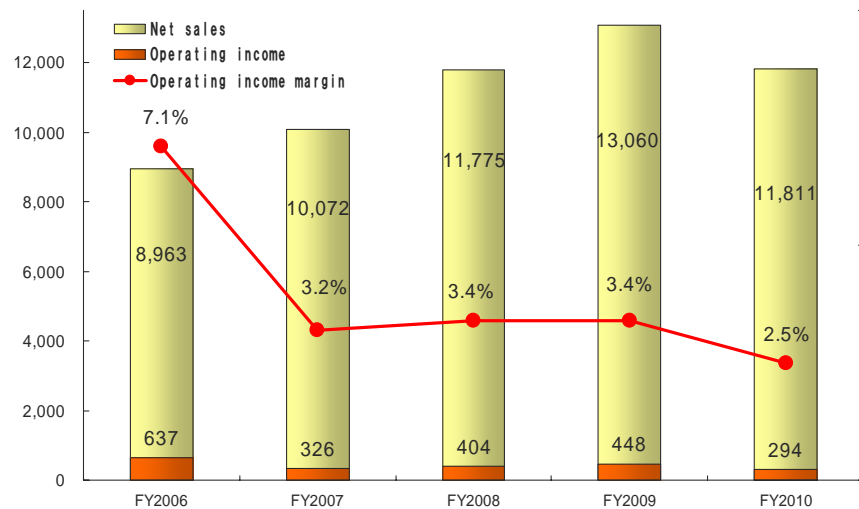
References



Performance Trends

【Unit: million of yen】

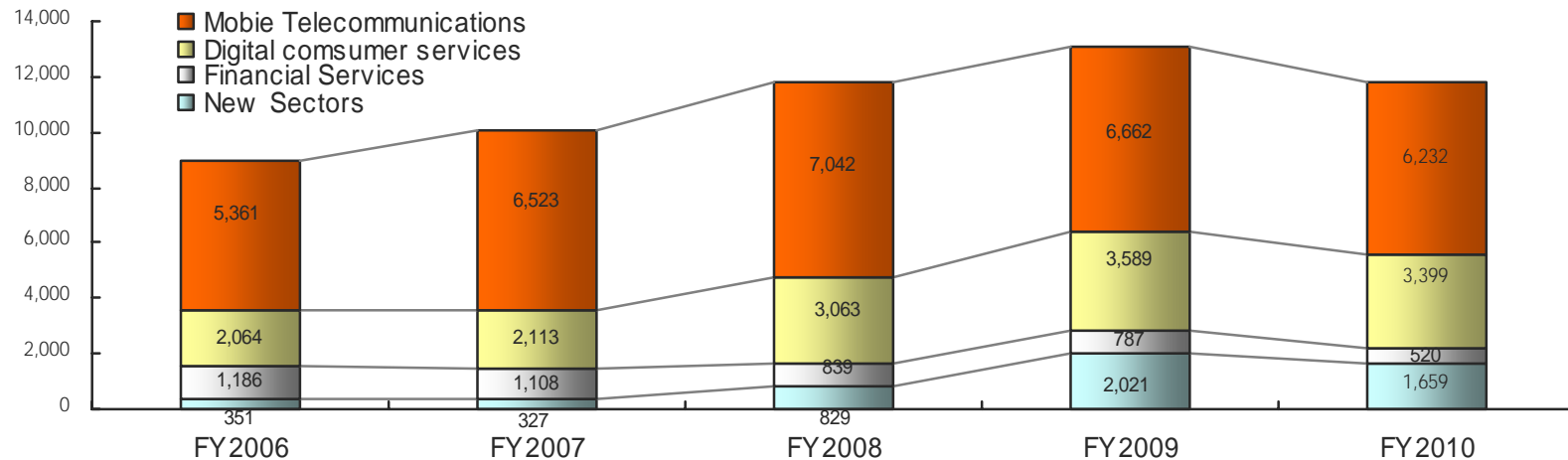
	FY2006	FY2007	FY2008	FY2009	FY2010
Net Sales	8,963	10,072	11,775	13,060	11,811
Gross Profit	2,283	2,338	2,883	3,163	2,641
(Gross Profit Margin)	(25.5%)	(23.2%)	(24.5%)	(24.2%)	(22.4%)
(SG&A ratio)	(18.4%)	(20.0%)	(21.1%)	(20.8%)	(19.9%)
Operating Income	637	326	404	448	294
(Operating Income margin)	(7.1%)	(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】

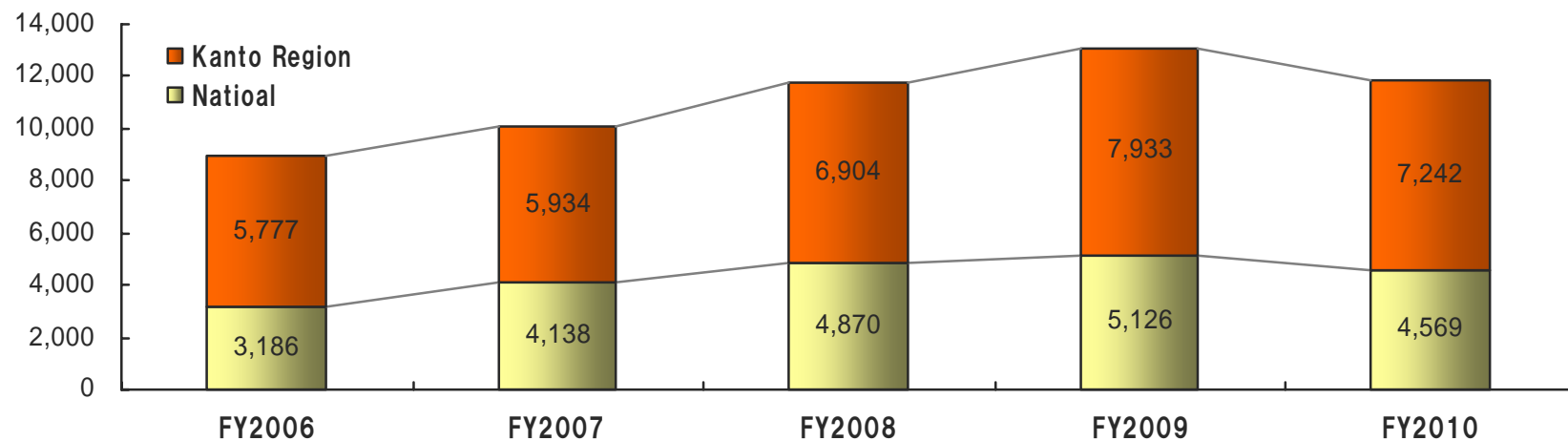
		FY2006	FY2007	FY2008	FY2009	FY2010
Mobile Telecommunications	Net Sales	5,361	6,523	7,042	6,662	6,232
	Share	59.8%	64.8%	59.8%	51.0%	52.8%
Digital consumer electronics	Net Sales	2,064	2,113	3,063	3,589	3,399
	Share	23.0%	21.0%	26.0%	27.5%	28.8%
Financial Services	Net Sales	1,186	1,108	839	787	520
	Share	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】

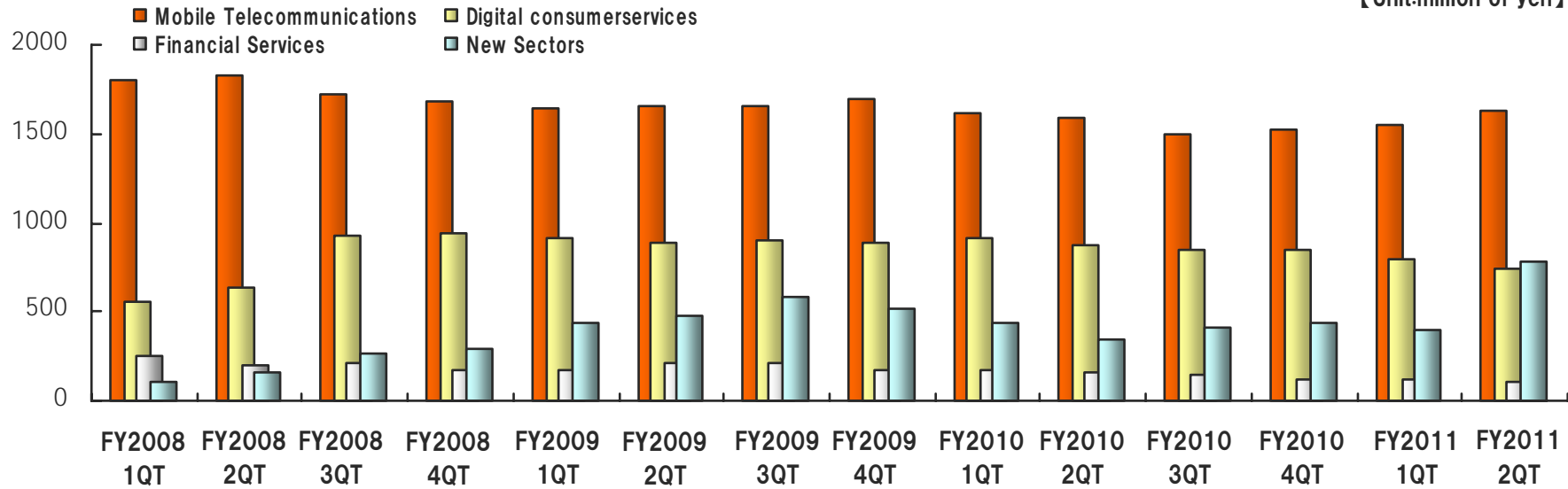
		FY2006	FY2007	FY2008	FY2009	FY2010
Kanto Region	Net Sales	5,777	5,934	6,904	7,933	7,242
	Share	64.5%	58.9%	58.6%	60.7%	61.3%
	Offices	(9)	(9)	(13)	(13)	(11)
National (excluding Kanto)	Net Sales	3,186	4,138	4,870	5,126	4,569
	Share	35.5%	41.1%	41.4%	39.3%	38.7%
	Offices	(13)	(14)	(20)	(17)	(15)



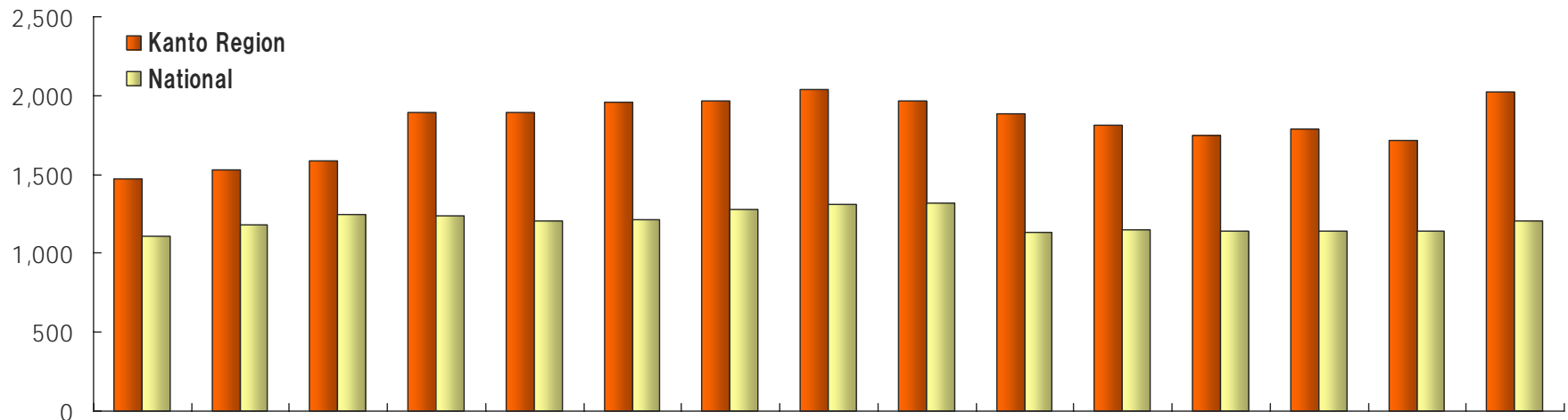
Quarterly Trends In Sales—by Customer Segment and Region

Sales by Customer Segment

[Unit: million of yen]



Sales by Geographic Region

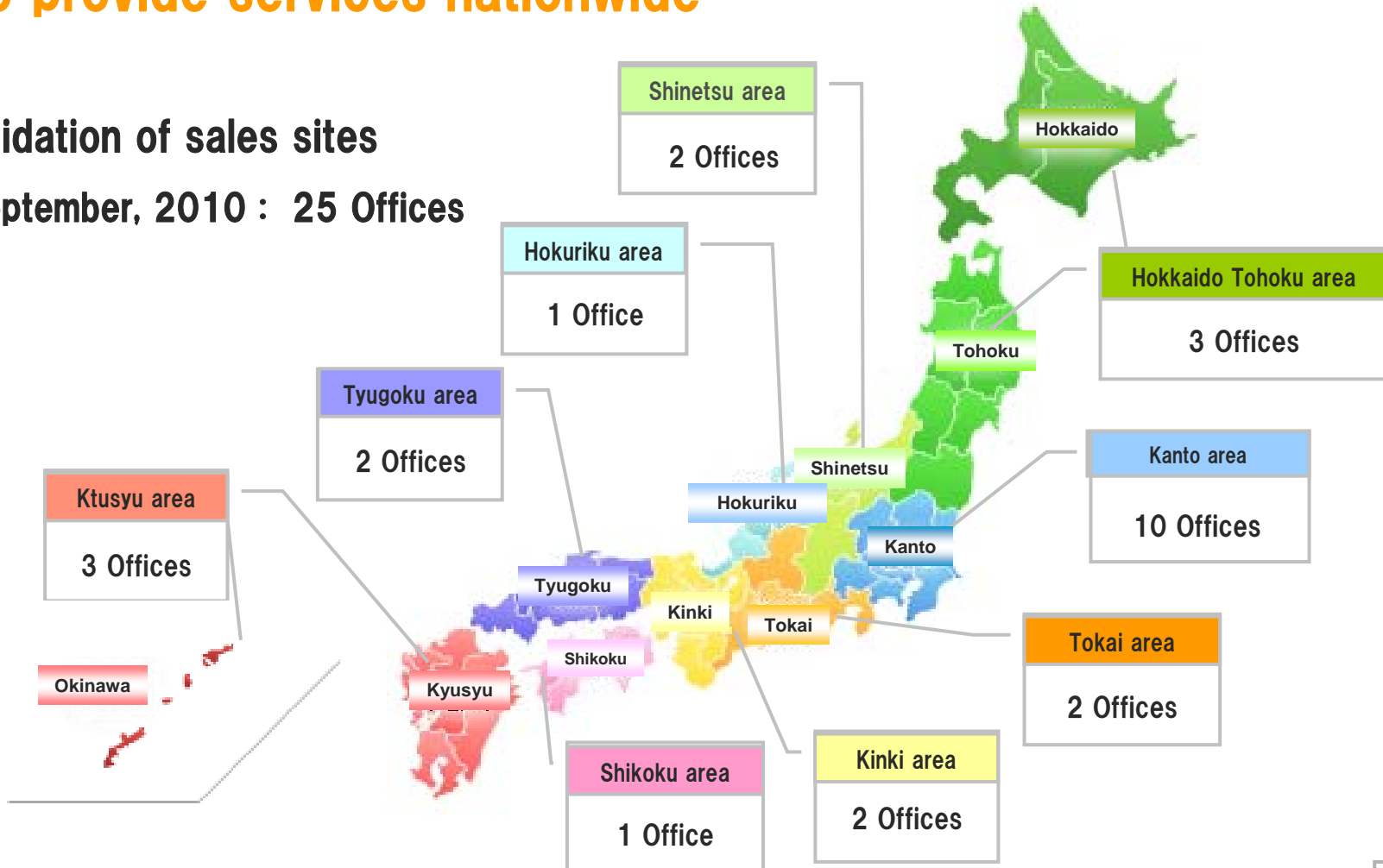


Sales sites

Able to provide services nationwide

● Consolidation of sales sites

As of September, 2010 : 25 Offices



Consolidated Cash Flows

【Unit: million of yen】	FY2010_2Q	FY2011_2Q	Y on Y	Changing Factors
Cash flows from operating activities	115	241	109.6%	This is primarily due to the ¥141 million in net quarterly income before taxes, ¥20 million in impact due to the adoption of the accounting standard for asset retirement obligations, ¥18 million in income tax refund, ¥15 million in depreciation and amortization, ¥11 million in amortization of goodwill, and ¥18 million in increase in advance received.
Cash flows from investing activities	0.6	-29	-%	This is 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	-43	-48	10.4%	This is due to the payment of ¥47 million dividend payment.
Cash and cash equivalents at the end of the period	1,043	1,186	13.7%	
Change in Cash and Cash Equivalents	70	163	132.8%	

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_2Q	FY2011_2Q	Y on Y
Backs Group	Net sales	5,649	5,398	-4.4%
	Gross Profit	1,328	1,152	-13.3%
	Operating Income	166	127	-23.3%
Entertainment Commons	Net sales	326	679	108.3%
	Gross Profit	38	51	32.2%
	Operating Income	0.7	17	2408.0%
Smart Communications	Net sales	27	40	47.1%
	Gross Profit	12	18	42.4%
	Operating Income	7	10	41.1%

※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

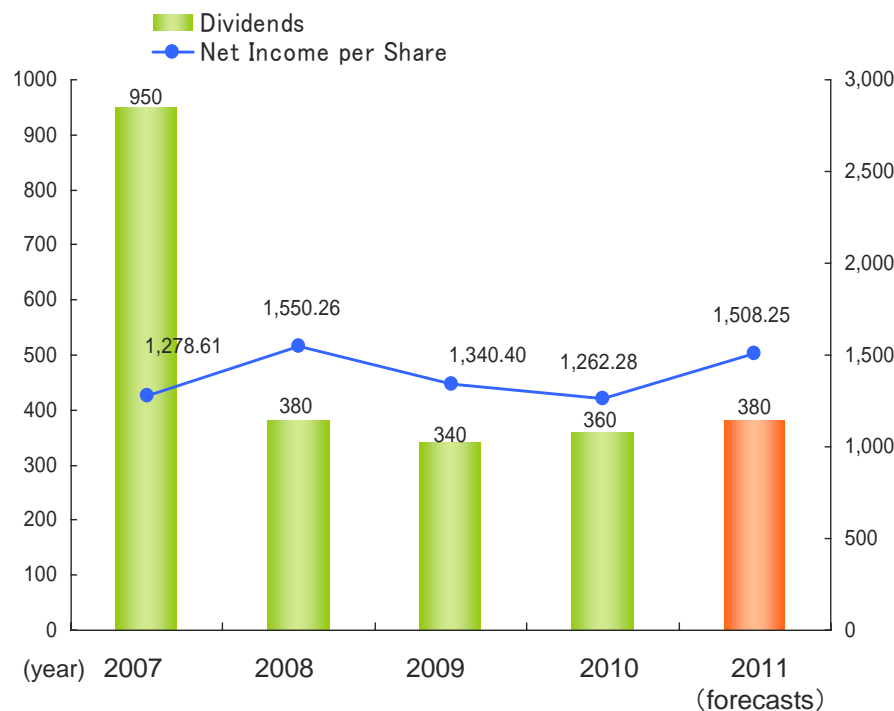


Shareholder Breakdown by Segment

Shareholder Segment	FY2010 Interim				FY2010				FY2011 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	0.00	0	0.00	0	0.00
Bank and trust companies	3	0.05	2,362	1.59	1	0.01	500	0.33	1	0.01	500	0.33
Insurance/Non-life insurance companies	0	0.00	0.00	0.00	0	0.00	0	0.00	0	0.00	0	0.00
Other financial institutions	2	0.03	1,046	0.70	2	0.03	548	0.36	2	0.03	650	0.43
Securities companies	9	0.15	1,382	0.93	9	0.16	1,203	0.81	12	0.22	1,745	1.17
Other corporations	35	0.61	11,668	7.85	34	0.61	11,610	7.81	30	0.56	11,704	7.88
Foreign corporations	7	0.12	123	0.08	7	0.12	84	0.05	8	0.15	95	0.06
Individual / others	5,611	98.99	109,393	73.65	5,477	99.02	112,029	75.43	5,270	98.98	111,280	74.92
Treasury stock	1	0.01	22,541	15.17	1	0.01	22,541	15.17	1	0.01	22,541	15.17
Total	5,668	100.00	148,515	100.00	5,531	100.00	148,515	100.00	5,324	100.00	148,515.00	100.00
Big shareholders	10	0.17	50,894	34.26	10	0.18	52,425	35.29	10	0.18	52,714	35.49
Floating stocks	5,378	94.88	35,836	24.12	5,243	94.79	35,701	24.03	5,036	94.59	33,867	22.8
Special socks	16	0.28	75,119	50.58	17	0.3	76,133	51.26	15	0.28	75,765	51.01

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 47 million of yen annually
- Dividends per share (forecasts): approximately 380 yen annually

* Dividend forecast revised from 265 yen to 380 yen in the revision of initial forecast announced on October 12, 2010

【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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