

# First Half of the Fiscal Year Ended May 31, 2007

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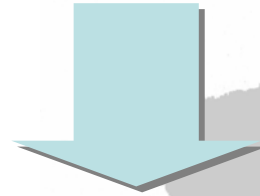
Pasona Inc.  
First Section TSE, Hercules  
(4332)

January 2007  
[www.pasona.co.jp/ir/e](http://www.pasona.co.jp/ir/e)

# 1. First Half Results ended November 30, 2006

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To build a multi-tier work infrastructure  
where each individual can freely opportunity






## Establish **Market Status**

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- ① Secure **social trust** as an entire group  
= Strictly **compliance** oriented
- ② Improve **corporate brand**
- ③ Expand **market share**

**Implement a Comprehensive **Growth Strategy**  
through **Aggressive Investment in Business Expansion****

- ① Temporary staffing business  Strengthen client firm and staffing base
- ② Other Human resource-related business  Launch "Only One" strategy
- ③ Overseas business  Reinforce business platform to facilitate full-fledged development



**FY ending May 2007**

**Complete a Robust Business Platform as the Springboard  
for the Next Stage of Growth**

- Continued steady temporary staffing demand, Stable expansion in the Tokyo Metropolitan and Tokai regions

## Measures Implemented in the First Half

### ● Reorganize marketing areas

Upgrade **Ueno** as a special branch (11 special branches nationwide)  
 Reinforce the **Kanto area (Chiba, Saitama, Kanagawa)**  
 as the cornerstone of the special branch network

### ● Strengthen marketing bases in Non-Metropolitan areas

**TVCMs** across 43 regional stations ⇒ Raise awareness across regional areas

### ● Expand specialized temporary staffing

Bolster education and training-type temporary staffing  
 (Finance, foreign exchange, trade)

Temporary staffing subsidiary company growth  
 (Insurance, care worker, sales)



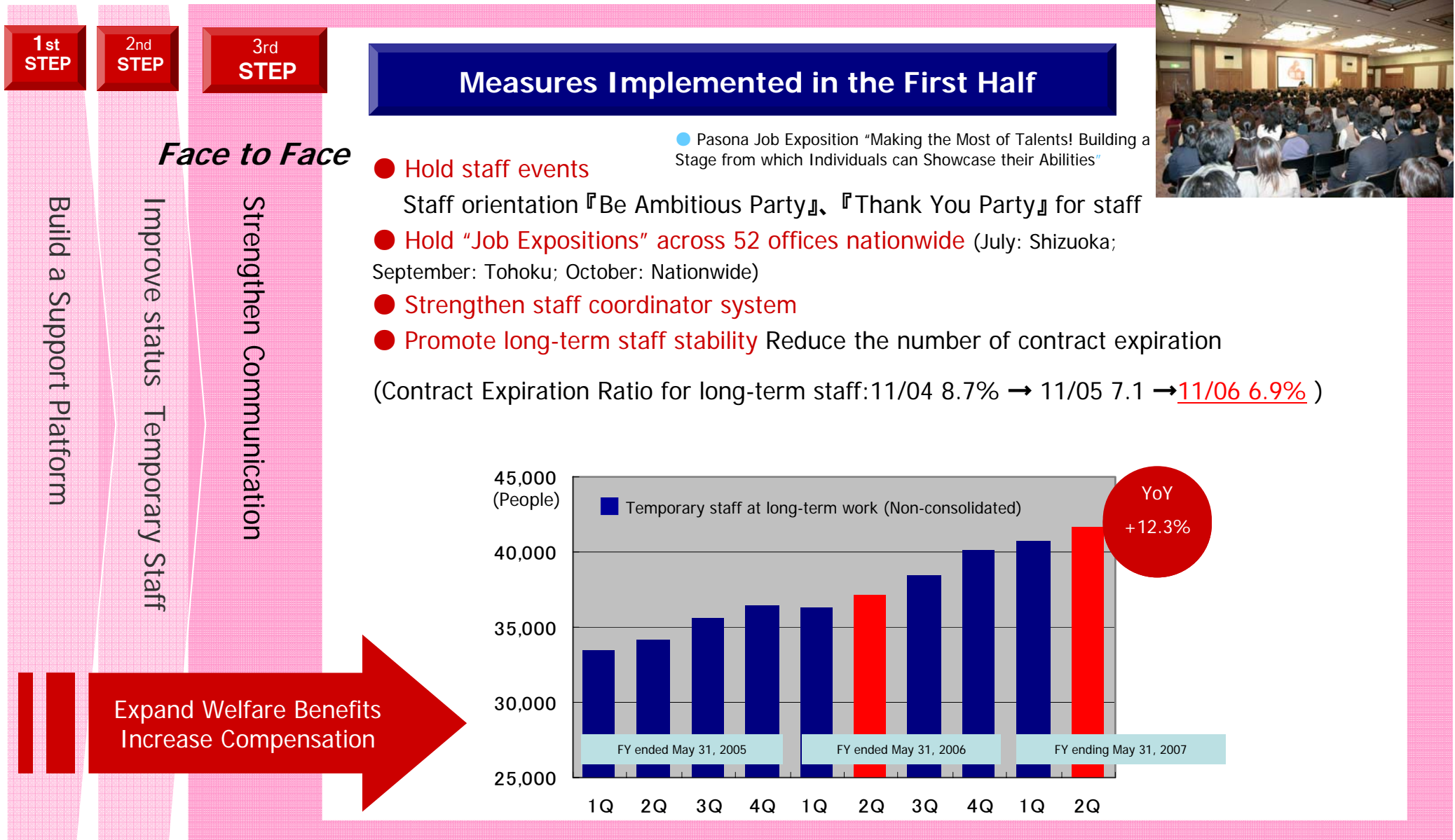
Pasona TVCM:  
 Broadcast across 20 prefectures nationwide

(Millions of yen)

| Net Sales by Temporary Staffing Type | 11/06  | YoY    |
|--------------------------------------|--------|--------|
| Clerical (General office work)       | 56,139 | +16.7% |
| Technical (Specialized office work)  | 17,155 | +12.9% |

|  | 11/05  | YoY    | 11/06          | YoY           |
|--|--------|--------|----------------|---------------|
| Temporary staffing business net sales (Consolidated) | 89,610 | +12.3% | <b>101,937</b> | <b>+13.8%</b> |
| *excluding Socio Inc. sales                          |        |        | 99,469         | +11.0%        |

- Further enhance communication with temporary staff ⇒ Long-term stability



## ② Other Human Resource-Related Business: Launch “Only One” Strategy (Placement / Recruiting)

- Strengthen the placement / recruiting business through Group reorganization

Target net sales in placement / recruiting of **¥10 billion** by the fiscal year ending May 31, 2009

### Measures Implemented in the First Half

- **Focus on the young age bracket = New graduates, Employees with limited work experience**
  - Merger between Pasona ai and Pasona On (July 2006)
  - Established Pasona Youth ⇒ Integration of actual and Internet-based activities
  - Bolstered placement activities for new graduates and employees with limited work experience
- **Developed placement activities on a nationwide scale**
  - Merger between Pasona Carent and Pasona career asset (January 2007)
  - Established Pasona Career
- **Reinforce the overseas placement business**
  - Pasona Shanghai newly included in the scope of consolidation (Operations commenced May 2006)
  - Foreign students residing in Japan: U-turn Employment Fair (Attendance: approx 1,000)
  - Recovery throughout the Asia region 11/05 (Interim) ¥376 million ⇒ 11/6 (Interim) ¥763 million (+103.1%)



Pasona Career established

### Pasona Carent, Inc.

- Placement / recruiting know-how (Major cities)
- Career change market
- Mid-career change for women (Specialist team)



### Pasona career assets Inc.

- Human resource placement know-how (Nationwide prefecture network)
- Career change market for middle-aged, elderly and the baby-boomer generation
- Career change support for executives
- Pasona Masters (Internet)

## ② Human Resource-Related Business: Launch “Only One” Strategy (Local Government)

- Expand outsourcing services by strengthening relationships with local governments

Launch local government projects across the Group

### First Half Results

#### ● Job assistance business

Pasona career assets (Currently Pasona Career)

- Tokyo Municipal Work Center providing employment support to the middle-aged and elderly
- Management of a youth employment support center in Hiroshima Prefecture
- Work experience (“Job Challenge”) business for the young in Sapporo City

Pasona and Pasona career assets

- U-turn human resource matching promotion business in Toyama Prefecture
- Employment matching model business for companies entering Yokohama and the youth and women’s market, Other

Pasona Tech

- Proposal-based employment promotion business in the Sapporo City region, “IT Human Resources Employment Program”, Other

#### ● Local government administrative business

Pasona

- Commencement of Administration work of Aichi Prefecture (Salaries and welfare benefits)
- Ongoing administration for Shizuoka, Chiba and Tottori prefectures

#### ● Welfare benefit business

Benefit One

- 61,000 membership in the public services market
- Increase in memberships of local government employees and teachers

#### ● Agricultural employment support business

Pasona, Kansai / Kantou Employment Creation Organization

- Okayama Prefecture (Kume-gun, Misaki-cho)
- Aomori Prefecture (Sannohe-gun, Nambu-machi, Tassha-mura), Other

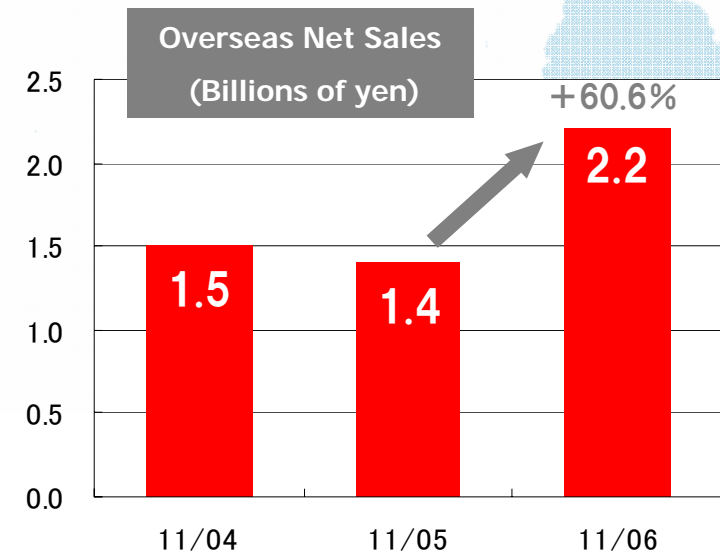


### ③ Overseas Business

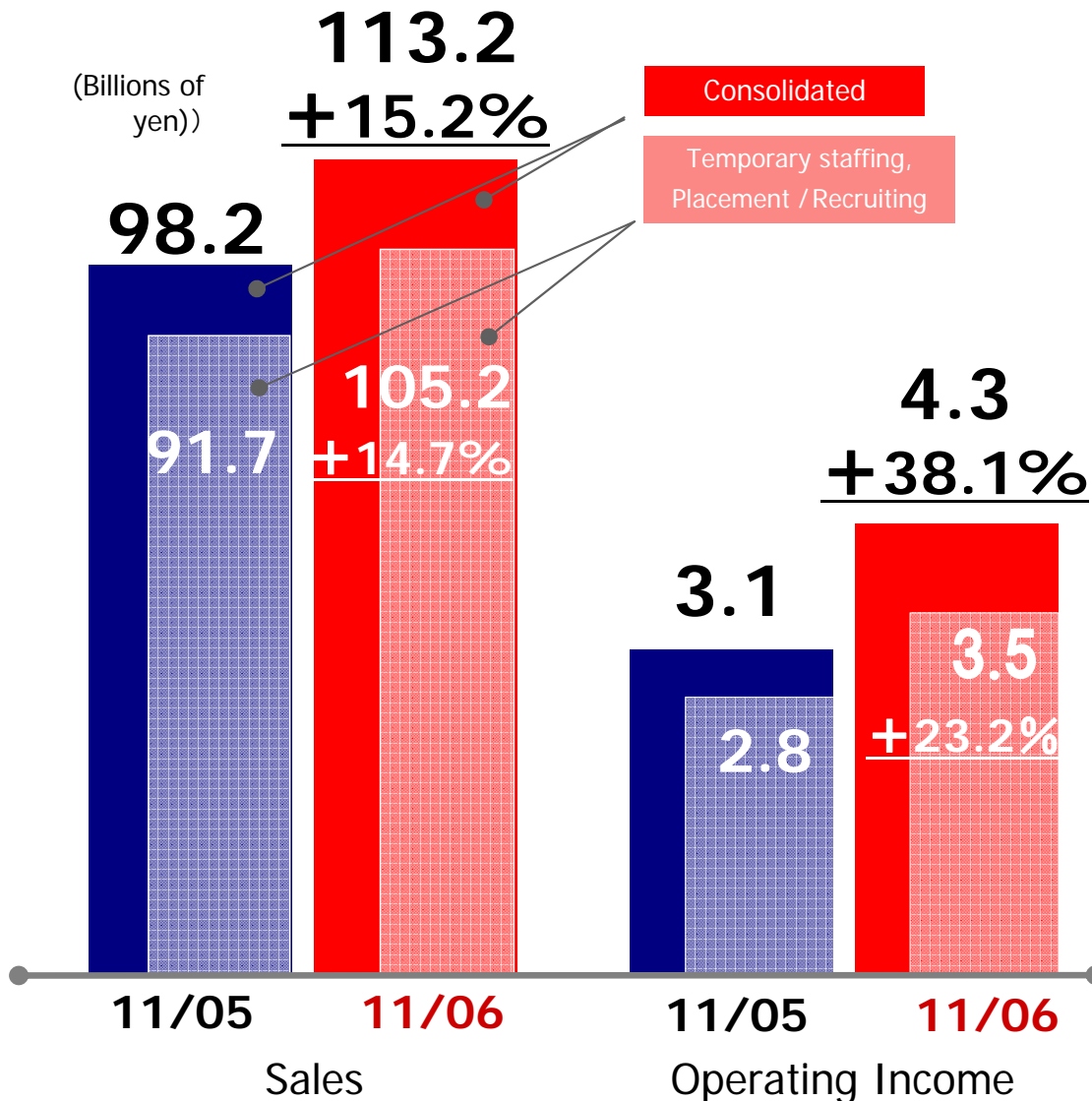
- Continue active investment in overseas businesses, Build a robust business platform

#### Measures Implemented in the First Half

- **China: Pasona Shanghai included in the Company's scope of consolidation (May 2006)**  
Developed business in Shanghai and Guangzhou
- **United States: Pasona NA and Mitsubishi Corporation U.S.A. formed the joint venture Pasona MIC (December 2006)**  
Provide comprehensive human resource services to Japanese companies in the U.S. midwest  
Offices: Chicago, Detroit, Nashville, Cincinnati ⇒ 11 offices covering the United States
- **India: Joint venture with local company, Established Team Pasona India (December 2006)**  
Develop a comprehensive human resource business in India



- Net sales increased 15.2% YoY, Maintained double-digit revenue growth
- Growth in human resource-related business, Impact of a shift in selling, general and administrative expenses, Significant increase in earnings



(Millions of yen)

| Consolidated     | 11/05              | 11/06               |
|------------------|--------------------|---------------------|
| Sales (YoY)      | 98,247<br>(+12.9%) | 113,202<br>(+15.2%) |
| Operating Income | 3,123<br>(-21.6%)  | 4,314<br>(+38.1%)   |
| Ordinary Income  | 3,103<br>(-22.2%)  | 4,392<br>(+41.5%)   |
| Net Income       | 1,482<br>(-36.1%)  | 2,073<br>(+39.8%)   |

# Priority Measures in the Second Half of the Fiscal Year Ending May 31, 2007 ①

- Further expand the temporary staffing business up-scale

## Priority Measures in the Second Half

### ● Establish offices in Omotesando and Marunouchi

**Omotesando** Open 365 days (Saturday / Sunday, evenings)

Location attracts sophisticated from across the nation

⇒ Registrants in **the young and women's segments**,

Training function, Strengthen **sales temporary staffing**

Plans to establish offices in **Fuchu** City, Tokyo



#### **Shin Marunouchi Building**

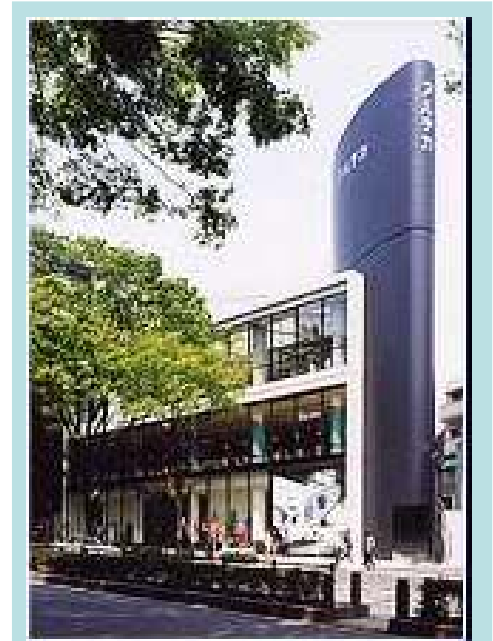
Open 365 days (Saturday / Sunday, evenings)

Japan's central business district, a landmark in Marunouchi

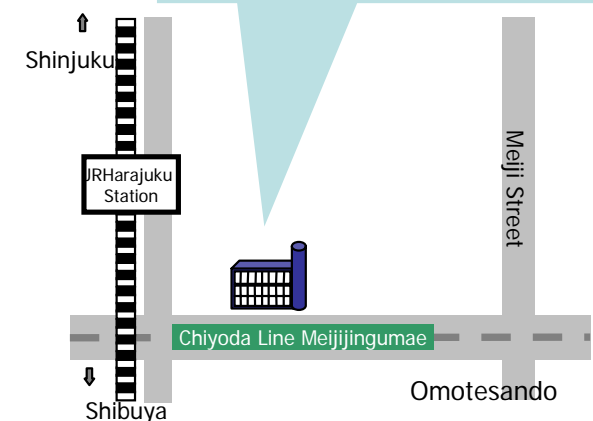
⇒ Customer-oriented Pasona Group presentation function

⇒ Registration function for specialists and executives

**Reinforce competitiveness through active investment in an effort to further grow**



● Alteka Plaza, one minute on foot from Meijijingumae Station



## Priority Measures in the Second Half

### ● Homepage renewal (Planned for May 2007)

Integration of Corporate site and job information site  
Full coverage of Group job information

Position as **the Group's comprehensive information media**

Expand and enhance **mobile contents**



● New site top image [www.pasona.co.jp](http://www.pasona.co.jp)

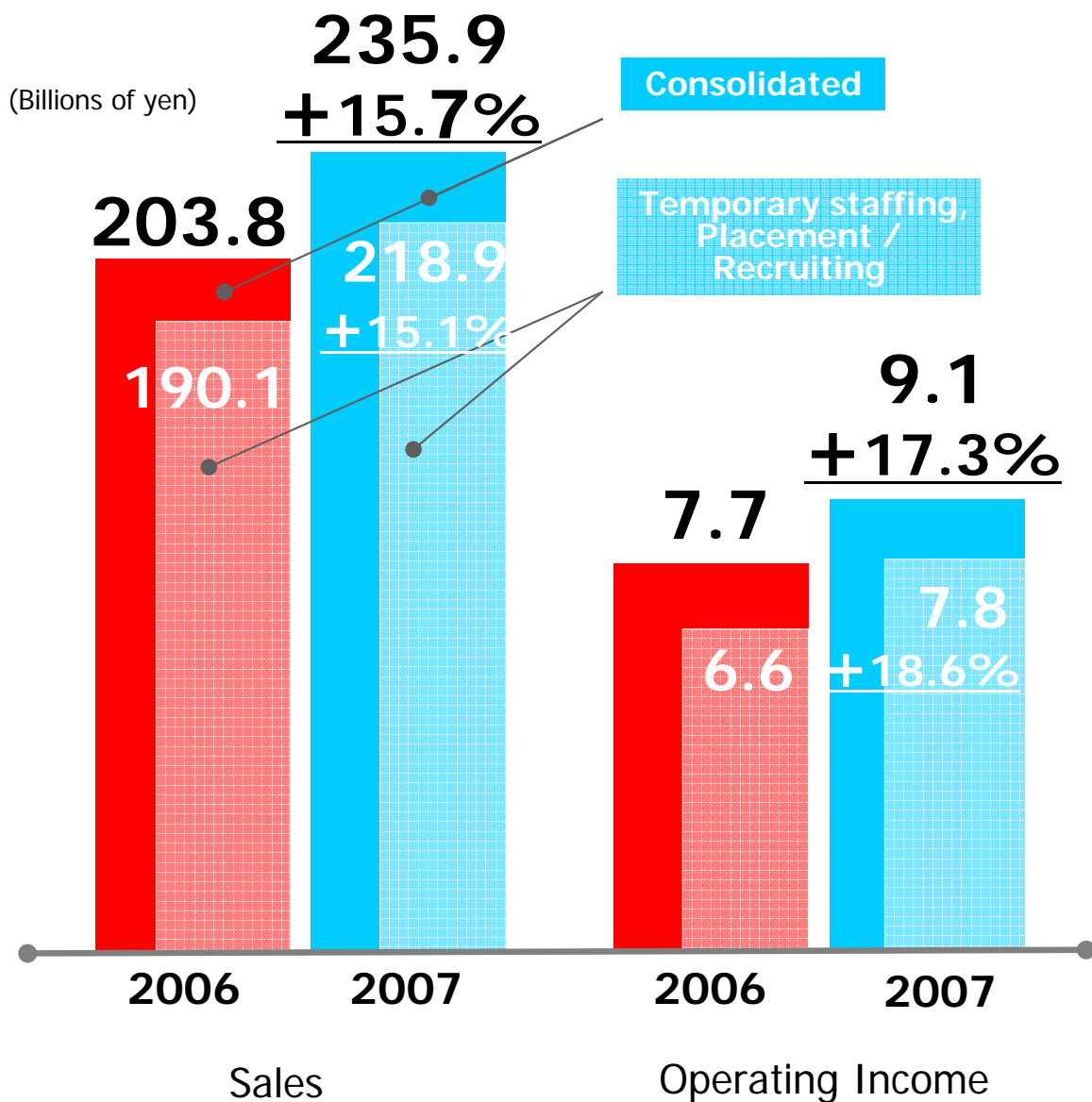
### ● Complete large-scale orders

Increase in marketing staff demand due to the introduction of the mobile phone number portability system ⇒ Optimize the full capabilities of the Group



# Forecasts for the FY Ending May 31, 2007 (Consolidated)

- Sales essentially in line with forecasts at the beginning of the period
- No change in earnings estimates due to new investments and the impact of expenses deferred from the first half



(Millions of yen)

| Consolidated     | 2006                | 2007                |
|------------------|---------------------|---------------------|
| Sales (YoY)      | 203,815<br>(+13.8%) | 235,900<br>(+15.7%) |
| Operating Income | 7,745<br>(-6.0%)    | 9,080<br>(+17.3%)   |
| Ordinary Income  | 7,844<br>(-5.4%)    | 9,150<br>(+16.8%)   |
| Net Income       | 3,588<br>(-17.8%)   | 4,470<br>(+24.8%)   |

- Celebrating its 31st year since foundation, Pasona is entering a turning point as it moves toward the next 30 years of operation 『The inaugural year of social solutions』

## Social Solutions

### From age of manufacturing products to Human Incubation

- Launch Team Human Incubation Chairman: Heizo Takenaka
  - ⇒ Foster the young, middle-aged, women from a human resource perspective as a human incubator
  - ⇒ Actively advocate proposals address the gap



● Heizo Takenaka  
Pasona Inc. Senior Advisor  
Advisory Board

## Corporate Governance

- Heizo Takenaka joined a member the Advisory Board
  - ⇒ Bringing a significant experience and knowledge to the Pasona Group

### Advisory Board

- Nobuo Ishihara, President, Research Institute for Local Government
- Yukiharu Kodama, Chairman, Japan Information Processing Development Corporation
- Etsuya Washio, President, National Federation of Workers and Consumers Insurance Cooperatives
- Hironori Aihara, Director and Chairman, Transcutaneous Technologies Inc.
- Heizo Takenaka, Professor Keio University, Director Global Security Research Institute

## Shareholders

**Number of shareholders as of November 30, 2006: 11,740**  
(11,132 as of May 31, 2006)

- Shareholder composition (433,221 shares as of the period-end)

|                         | Financial Institutions | Securities Companies | Other Domestic Corporations | Foreign Corporations | Individuals and Others |
|-------------------------|------------------------|----------------------|-----------------------------|----------------------|------------------------|
| As of May 31, 2005      | 9.07%                  | 0.59%                | 26.39%                      | 11.85%               | 52.10%                 |
| As of November 30, 2006 | 8.70%                  | 0.94%                | 21.28%                      | 12.24%               | 56.84%                 |

※Shares held by Japan Securities Depository Center are included in "Other corporations", and treasury stock is included in "Individuals and others."

## Treasury Stock

**Pasona acquired 17,500 shares of treasury stock in August 2006. The Company will adopt a flexible policy from now on.**

## Dividend Policy

- **Interim cash dividend of ¥1,000 per share (Interim period ended November 30, 2006)**  
Plans for a fiscal year-end cash dividend of ¥1,000 per share.
- **Targeted dividend payout ratio of 30% (non-consolidated)**

- Movements in Cash Dividends

|  | 2004  | 2005   | 2006   | 2007 (Planned) |
|--|-------|--------|--------|----------------|
| Cash dividend per share                  | ¥667  | ¥1,500 | ¥1,800 | ¥2,000         |
| Dividend payout ratio (Non-consolidated) | 10.2% | 22.0%  | 30.6%  | 97.8%          |

※Calculated on the basis of forecast shares issued and outstanding of 415,721 shares

## 2. Results for the Interim Period of Fiscal Year Ending May 31, 2007

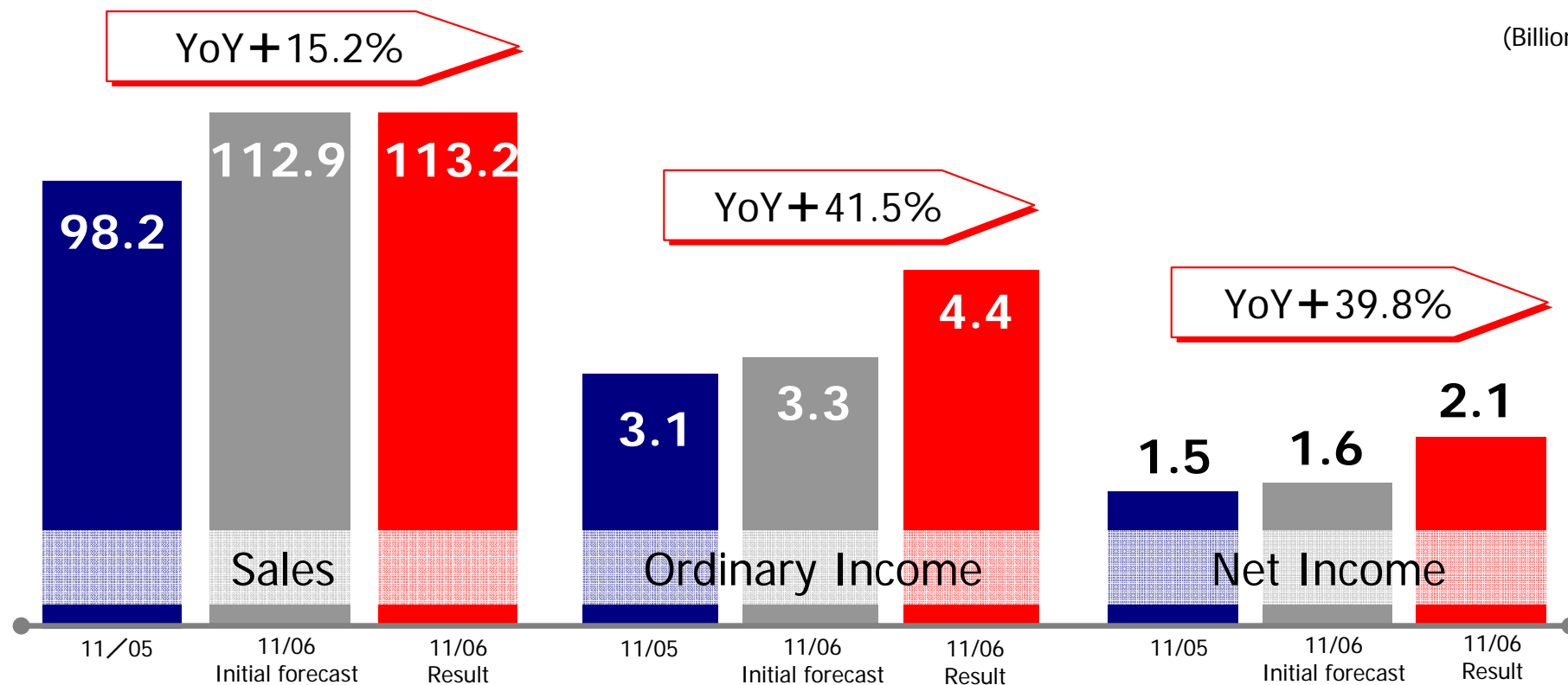
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June 1, 2006~November 30, 2006



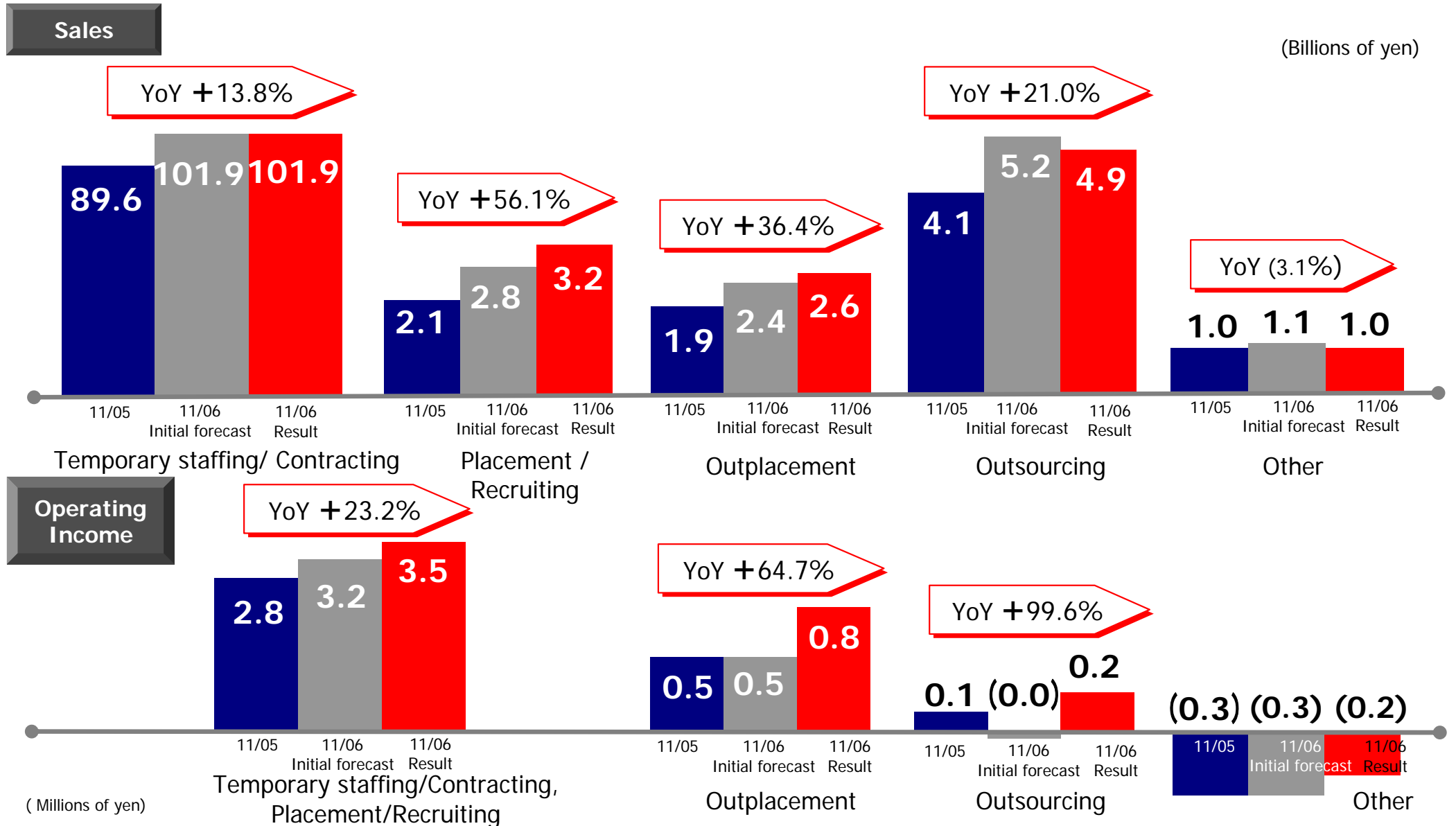
# Consolidated Results for the Interim Period of Fiscal Year Ending May 31, 2007

(Billions of yen)



| (Millions of yen) | 11/05  | (%)     | 11/06 Initial forecast | (%)     | 11/06 Results | (%)     | Increase/ (Decrease) | YoY %  | (%pt)  |
|-------------------|--------|---------|------------------------|---------|---------------|---------|----------------------|--------|--------|
| Sales             | 98,247 | (100.0) | 112,910                | (100.0) | 113,202       | (100.0) | 14,955               | +15.2% | (-)    |
| Cost of sales     | 78,833 | (80.2)  | 90,430                 | (80.1)  | 90,233        | (79.7)  | 11,400               | +14.5% | (-0.5) |
| Gross profit      | 19,414 | (19.8)  | 22,480                 | (19.9)  | 22,969        | (20.3)  | 3,555                | +18.3% | (+0.5) |
| SG&A expenses     | 16,290 | (16.6)  | 19,160                 | (17.0)  | 18,654        | (16.5)  | 2,364                | +14.5% | (-0.1) |
| Operating income  | 3,123  | (3.2)   | 3,310                  | (2.9)   | 4,314         | (3.8)   | 1,191                | +38.1% | (+0.6) |
| Ordinary income   | 3,103  | (3.2)   | 3,320                  | (2.9)   | 4,392         | (3.9)   | 1,288                | +41.5% | (+0.7) |
| Net income        | 1,482  | (1.5)   | 1,570                  | (1.4)   | 2,073         | (1.8)   | 590                  | +39.8% | (+0.3) |

# Consolidated Results for the Interim Period of Fiscal Year Ending May 31, 2007 by Service Segment



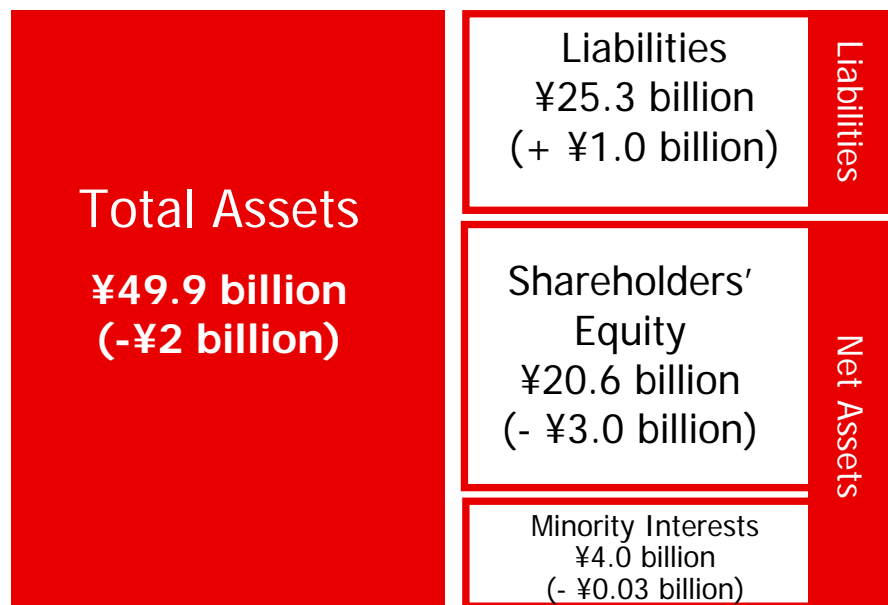
|                        | Temporary staffing/Contracting |         |                     |        | Placement/Recruiting |       |                     |       | Outplacement |       |                     |        | Outsourcing |       |                     |        | Other   |         |                     |        | Elimination and Corporate |        |                     |
|------------------------|--------------------------------|---------|---------------------|--------|----------------------|-------|---------------------|-------|--------------|-------|---------------------|--------|-------------|-------|---------------------|--------|---------|---------|---------------------|--------|---------------------------|--------|---------------------|
|                        | 11/05                          | 11/06   | Increase/(Decrease) | YoY    | 11/05                | 11/06 | Increase/(Decrease) | YoY   | 11/05        | 11/06 | Increase/(Decrease) | YoY    | 11/05       | 11/06 | Increase/(Decrease) | YoY    | 11/05   | 11/06   | Increase/(Decrease) | YoY    | 11/05                     | 11/06  | Increase/(Decrease) |
| Sales                  | 89,610                         | 101,937 | 12,326              | 13.8%  | 2,062                | 3,220 | 1,157               | 56.1% | 1,898        | 2,589 | 690                 | 36.4%  | 4,064       | 4,918 | 854                 | 21.0%  | 1,024   | 992     | (31)                | (3.1%) | (414)                     | (456)  | (42)                |
| Operating Income       | 2,831                          | 3,487   | 655                 | 23.2%  | -                    | -     | -                   | -     | 486          | 802   | 315                 | 64.7%  | 110         | 221   | 110                 | 99.6%  | (302)   | (196)   | 105                 | -      | (4)                       | 0      | 4                   |
| Operating Income Ratio | 3.1%                           | 3.3%    | -                   | 0.2%pt | -                    | -     | -                   | -     | 25.7%        | 31.0% | -                   | 5.3%pt | 2.7%        | 4.5%  | -                   | 1.8%pt | (29.5%) | (19.8%) | -                   | 9.7%pt | 1.0%                      | (0.1%) | -                   |

\*1. Figures are before Group intersegment eliminations \*2. Results for Temporary staffing/Contracting and Placement/Recruiting have been combined

## Financial Standing

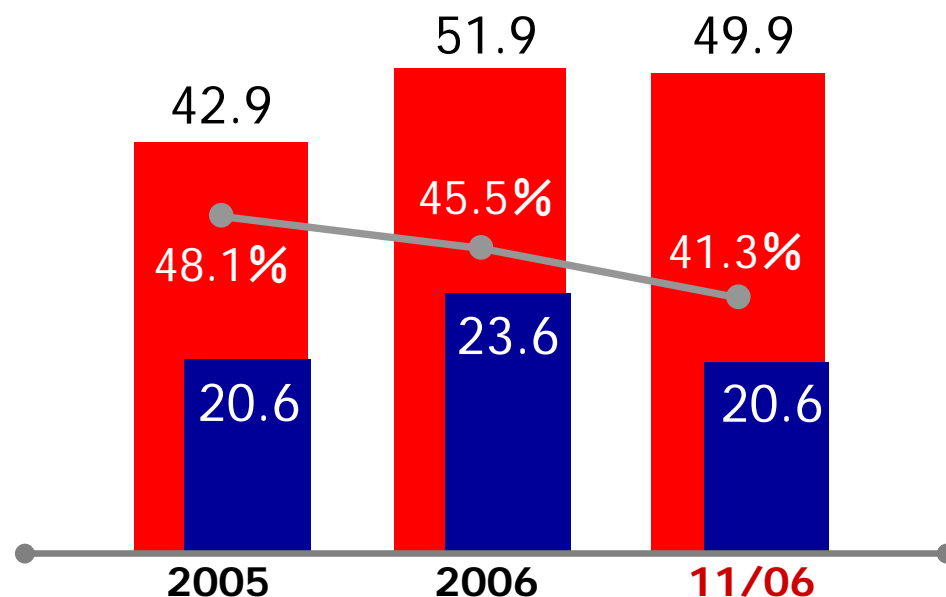
As of November 30, 2006

\* Figures in parentheses indicate changes from the end of the previous fiscal year.



## Total Assets, Shareholders' Equity, Equity Ratio

Total Assets Shareholders' Equity Equity Ratio (Billions of yen / %)



## Cash Flows

|                                      | 11/05 | 11/06 |
|--------------------------------------|-------|-------|
| Cash flows from operating activities | 0.4   | (0.1) |
| Cash flows from investing activities | (2.1) | (1.8) |
| Cash flows from financing activities | (0.7) | (2.2) |
| Free cash flows                      | (1.7) | (1.9) |

- Increase in income before income taxes and minority interests ¥4.3 billion
- Increase in notes and accounts receivable (¥1.2 billion)
- Decrease in accounts payable — trade (¥0.9 billion)
- Income taxes paid (¥2.5 billion)

- Acquisition of tangible fixed assets (¥0.6 billion)
- Acquisition of intangible fixed assets (¥0.5 billion)
- Acquisition of investment securities (¥0.5 billion)

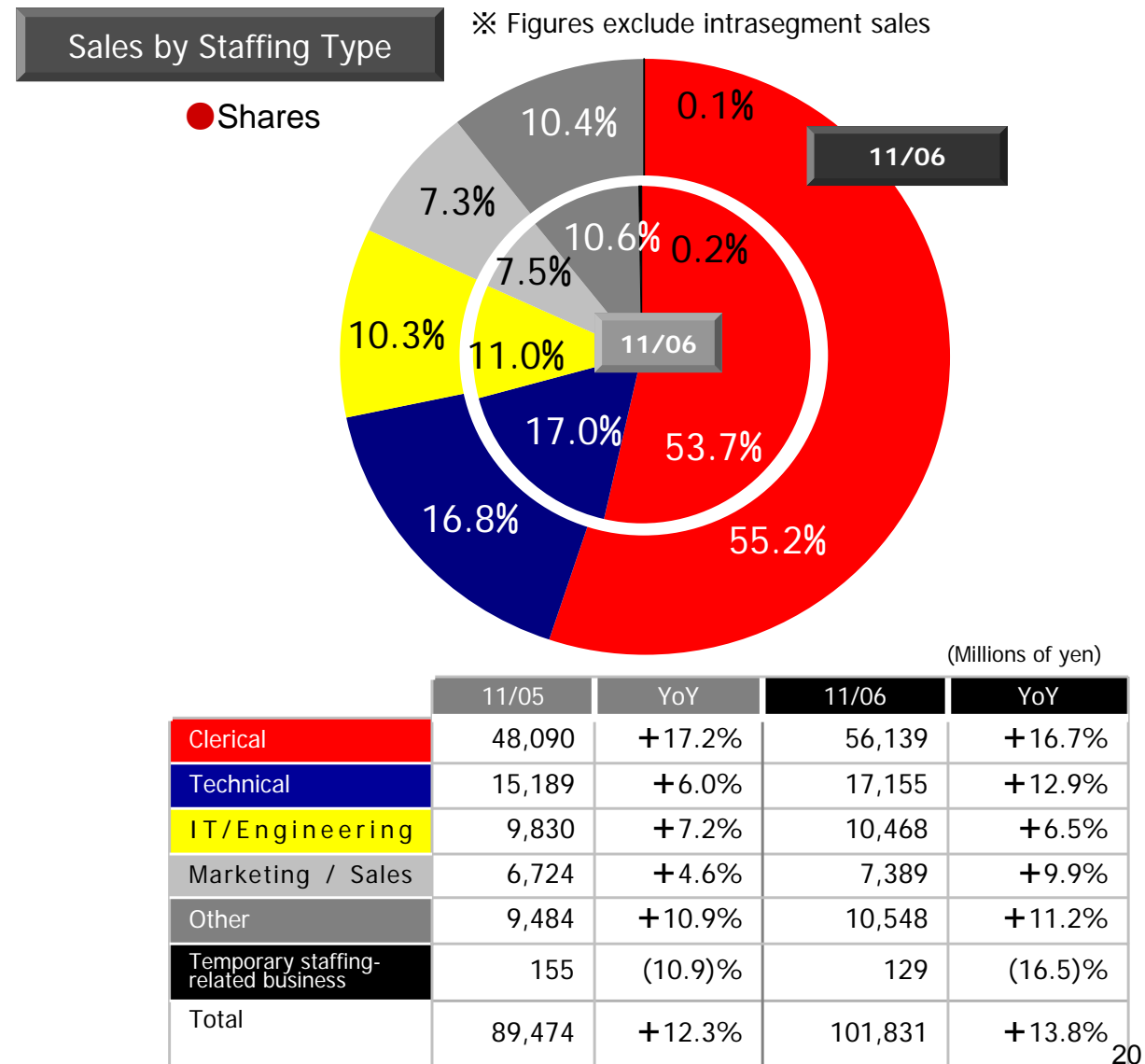
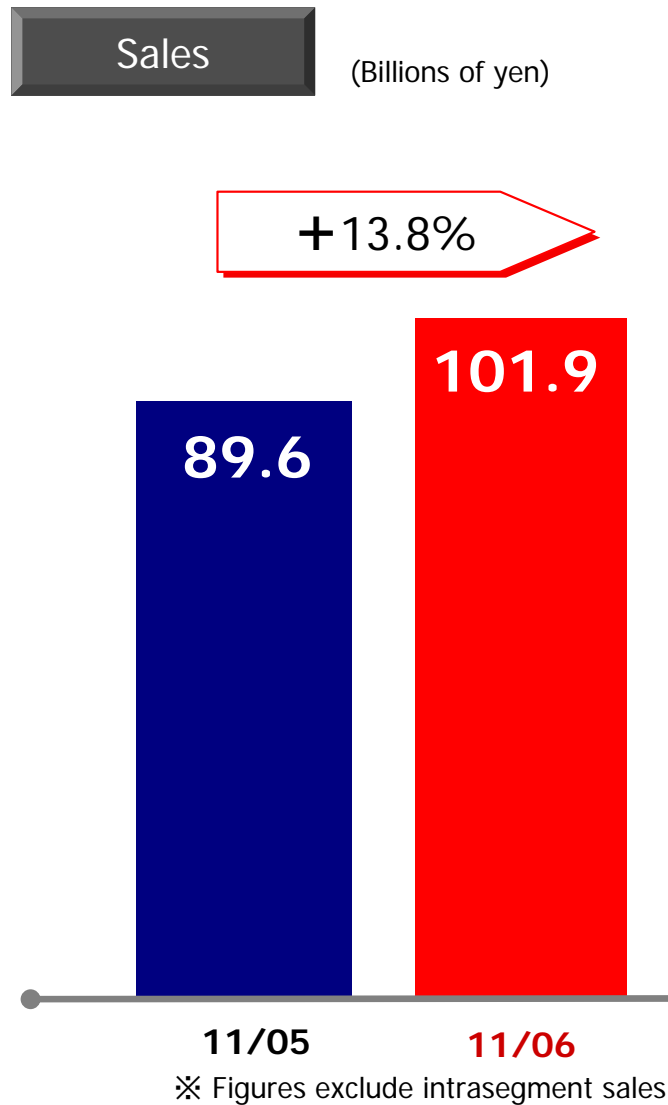
- Increase in short-term debt ¥3.1 billion
- Payments for acquisition of treasury stock (¥4.3 billion)
- Cash dividends paid (¥0.9 billion)

## 3. Overview by Business Segment

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※Units in billions of yen have been rounded to the nearest first decimal place. Units in millions of yen have been rounded down.

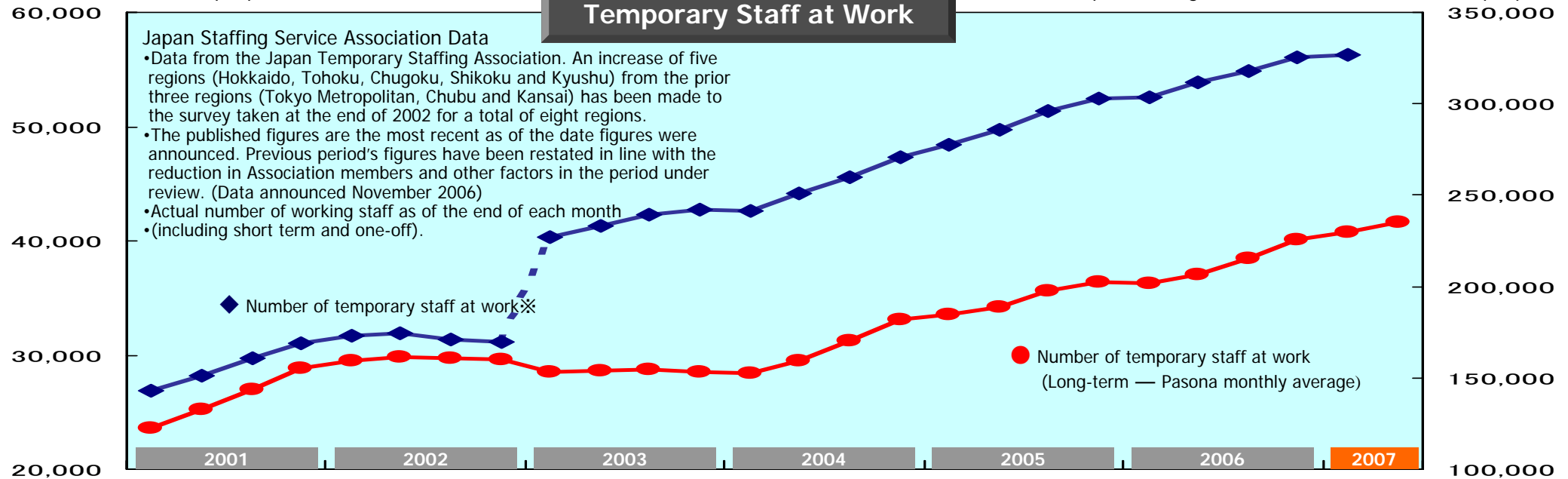
**Growth in clerical (general office work) and technical (specialized office work) including financial administration and telemarketing**  
**Steady expansion in the Tokyo Metropolitan area and the Tokai region**



# Temporary Staffing / Contracting ② (Marketing Data/Non-Consolidated)

(Pasona data: Number of people)

(Japan Staffing Service Association: number of people)



|                           | 2004    |         |         |         | 2005                            |         |         |         | 2006    |         |         |         | 2007    |        |    |    |
|---------------------------|---------|---------|---------|---------|---------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|--------|----|----|
|                           | 1Q      | 2Q      | 3Q      | 4Q      | 1Q                              | 2Q      | 3Q      | 4Q      | 1Q      | 2Q      | 3Q      | 4Q      | 1Q      | 2Q     | 3Q | 4Q |
| Industry-wide             | 240,670 | 250,373 | 259,060 | 270,275 | 276,753                         | 285,101 | 295,170 | 301,838 | 303,828 | 311,648 | 318,027 | 325,350 | 327,110 |        |    |    |
| YoY                       | 6.1%    | 7.3%    | 8.6%    | 11.8%   | 15.0%                           | 13.9%   | 13.9%   | 11.7%   | 9.8%    | 9.3%    | 7.7%    | 7.8%    | 7.7%    |        |    |    |
| Pasona (Non-consolidated) | 28,372  | 29,543  | 31,295  | 33,138  | 33,510                          | 34,208  | 35,611  | 36,395  | 36,314  | 37,103  | 38,446  | *40,096 | 40,745  | 41,676 |    |    |
| YoY                       | (0.5%)  | 3.2%    | 8.8%    | 16.0%   | 18.1%                           | 15.8%   | 13.8%   | 9.8%    | 8.4%    | 8.5%    | 8.0%    | 10.2%   | 12.2%   | 12.3%  |    |    |
|                           |         |         |         |         | New graduates/Care compensation | 17.8%   | 17.9%   | 16.2%   | 12.3%   | 10.9%   | 8.7%    | —       | —       | —      | —  |    |

| ■ Orders (long term) Monthly Average                                     |               |        | ■ Contract Starts (long term) Monthly Average |              |        |              | ■ Contract Completion (long term) Monthly Average             |         |      |
|--|---------------|--------|---|--------------|--------|--------------|---|---------|------|
|  | Number        | YoY    |   | Number       | YoY    |              | Number  | YoY     |      |
| 11/05  | 7,016         | 0.8%   | 11/05   | 2,802        | (4.7%) | 11/05        | 2,591   | (12.1%) |      |
| 11/06  | 7,731         | 10.2%  | 11/06   | 2,997        | 7.0%   | 11/06        | 2,832   | 9.3%    |      |
| ■ Rate of Contracts Signed (Long-Term Contract Starts/ Long-Term Orders) |               |        | ■ Temporary Staffing Rates                    |              |        |              | ■ Number of Annual New Registered Staff (Consolidated/ Japan) |         |      |
|  | Contract Rate | YoY    |   | Invoice Rate | YoY    | Payment Rate | YoY   | Persons | YoY  |
| 11/05  | 39.9%         | (2.3%) | 11/05   | 2,044        | 0.8%   | 1,511        | 2.2%  | 45,869  | 0.3% |
| 11/06  | 38.8%         | (1.1%) | 11/06   | 2,048        | 0.2%   | 1,507        | (0.3%)  | 49,666  | 8.3% |

\* Merger with Socio Inc. in the fourth quarter of the fiscal year ended May 31, 2006. Data for temporary staff at work comprising average monthly orders, contracts starts, contract completions, contracts signed and temporary staffing rates includes Socio Inc. information from the first quarter of the fiscal year ending May 31, 2007

\* Non-consolidated Pasona data  
 \* Figures for temporary staff at work (monthly average), orders, contracts starts, completions and signed exclude special project items beyond September 2002  
 \* Change in the presentation of temporary staffing payments from the fiscal year ended May 31, 2004. New presentation method based on gross number of work hours  
 \* Data for the number of contracts starts and completions from the fiscal year ended May 31, 2005 has been revised due to an error in previously reported data for a portion of the first half data for the fiscal year ended May 31, 2004  
 \* Monthly average data for the period under review is the average for the six-month period ended November 30, 2006 (June 1, 2006 to November 30, 2006)  
 \* New registrants data presented on a consolidated basis. Disclosure of domestic temporary staffing business data: Pasona: June 1, 2006 to November 30, 2006; Subsidiary companies: April 1, 2006 to September 30, 2006

# Temporary Staffing / Contracting (Unit Price / Non-Consolidated)

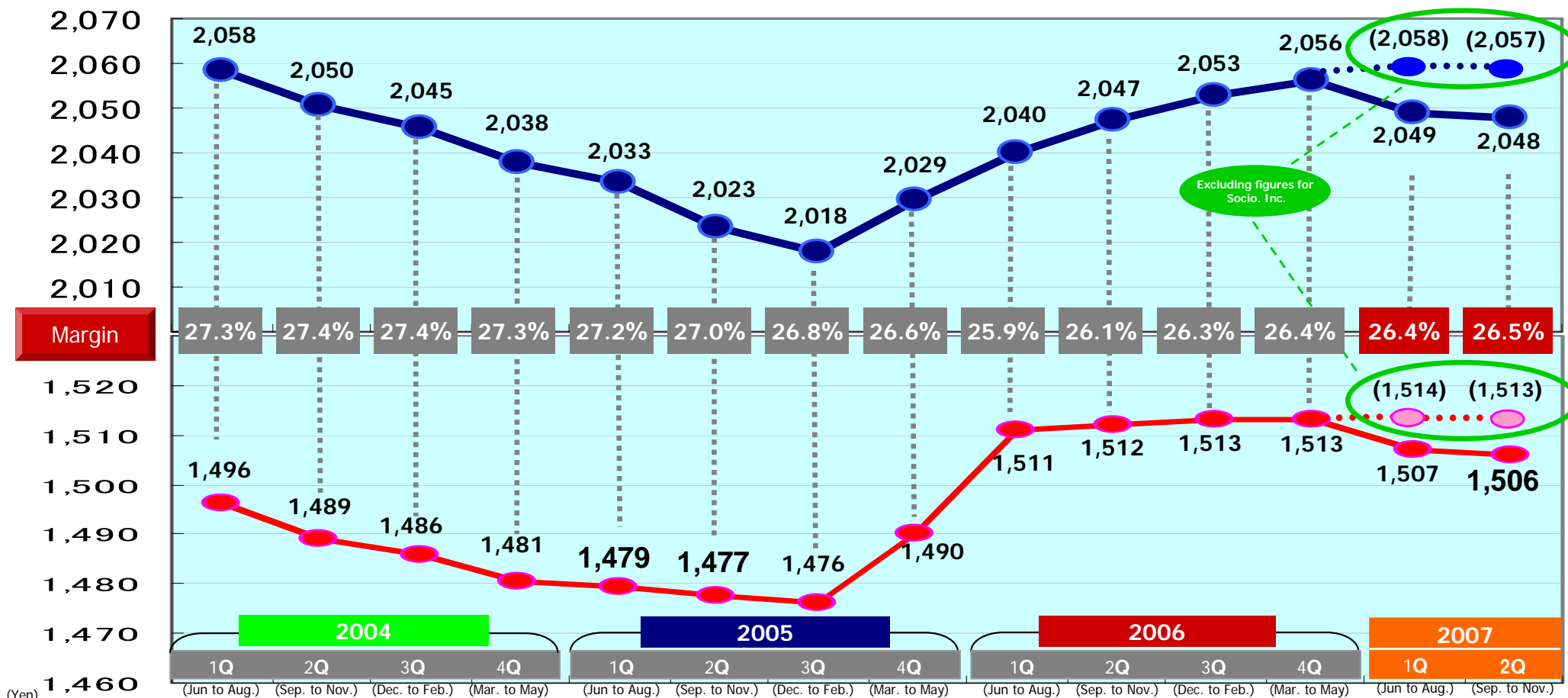
Moderate recovery in the margin between unit prices at the invoice and payments levels during the first half of the fiscal year ending May 31, 2007.

|               | 2004  | 2005  | 2006  | YoY       |
|---------------|-------|-------|-------|-----------|
| Invoice Rates | 2,048 | 2,026 | 2,049 | 1.1%      |
| Payment Rates | 1,488 | 1,481 | 1,512 | 2.1%      |
| Margin        | 27.3% | 26.9% | 26.2% | (0.7% pt) |



Expectations for a slight drop in the margin due to the impact of large-scale orders after the second quarter

Invoice Rates



Payment Rates

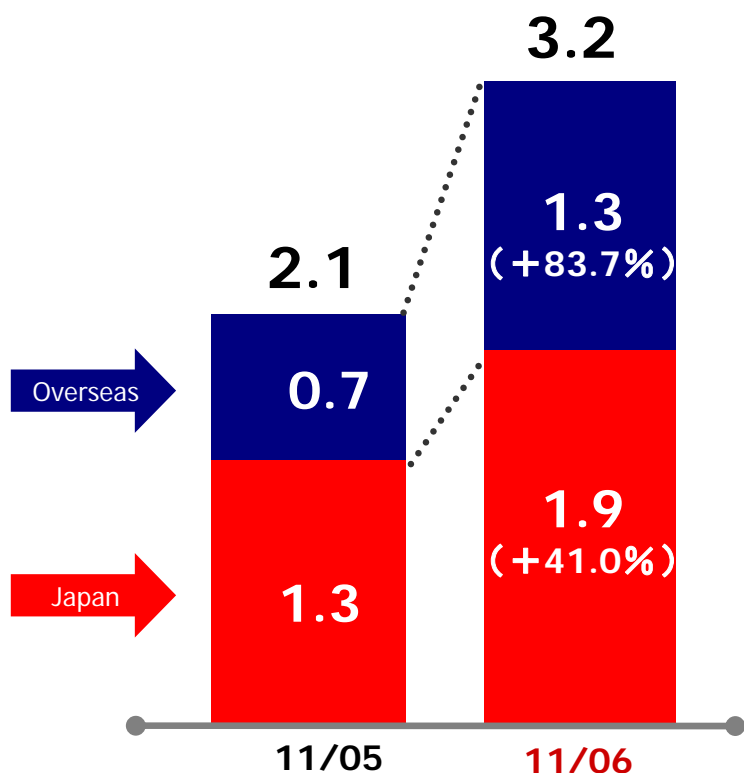
Notes: Pasona (Non-consolidated) / Average hourly unit price across all segments (weighted average)  
 Figures include Socio. Inc., which was absorbed by Pasona Inc. from the fiscal year ending May 31, 2007.

**Steady expansion in Japan mainly from Pasona Career (currently Pasona Career)  
 Significant increase in overseas revenues reflecting contributions from Group companies in Asia newly incorporated in the scope of consolidation**

## Sales

(Billions of yen)

+56.1%



## TOPICS

Robust demand for full-time employees in Japan, particularly from the IT and finance sectors

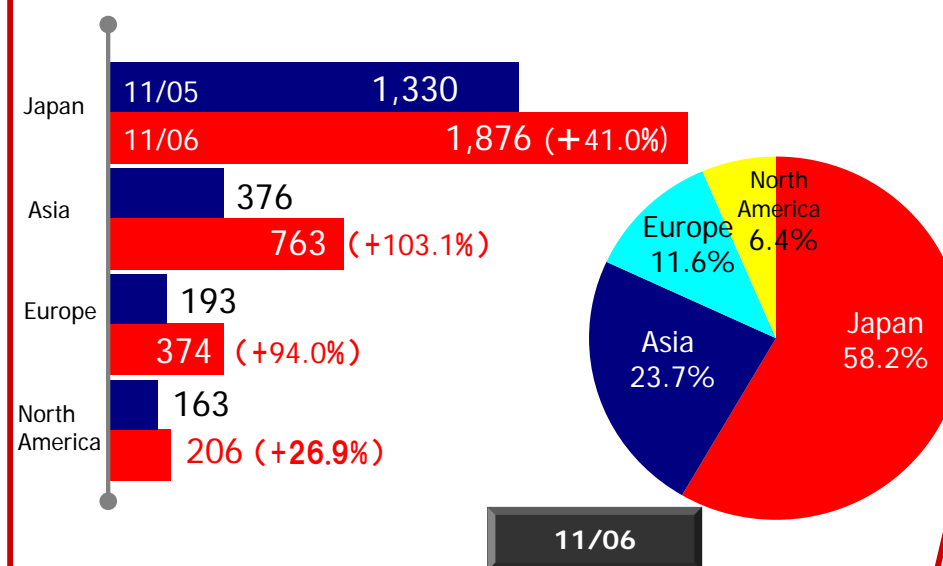
Pickup in the employment of inexperienced employees based on potential

Pasona Career commenced operations from January 2007

Placement and recruiting services provided nationwide

## Sales by Region

(Millions of yen)



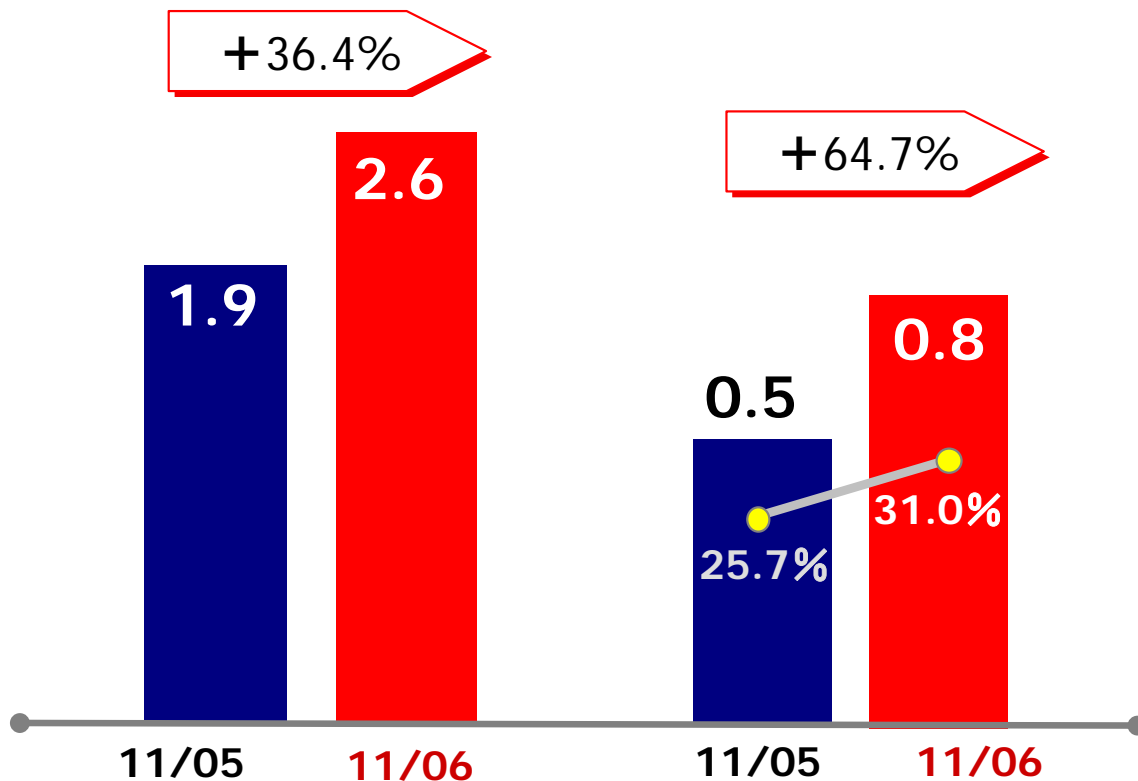


**Substantial increase in revenues and earnings due to large-scale orders and improvements in consultant capacity utilization**

## Sales

## Operating Income, Operating Income Margin

(Billions of yen)



## TOPICS

Achieved significant increase in revenues due to contributions from large-scale orders in the fourth quarter of the previous fiscal year

Increased acceptance of welfare benefit-type outplacement including second life support

Full fiscal year results expected to meet estimates

### Marketing Data (YoY)

Number of clients +33.0%  
 Number of personnel per company (16.7%)  
 Number of orders (persons) (11.3%)  
 Cost of orders (20.7%)

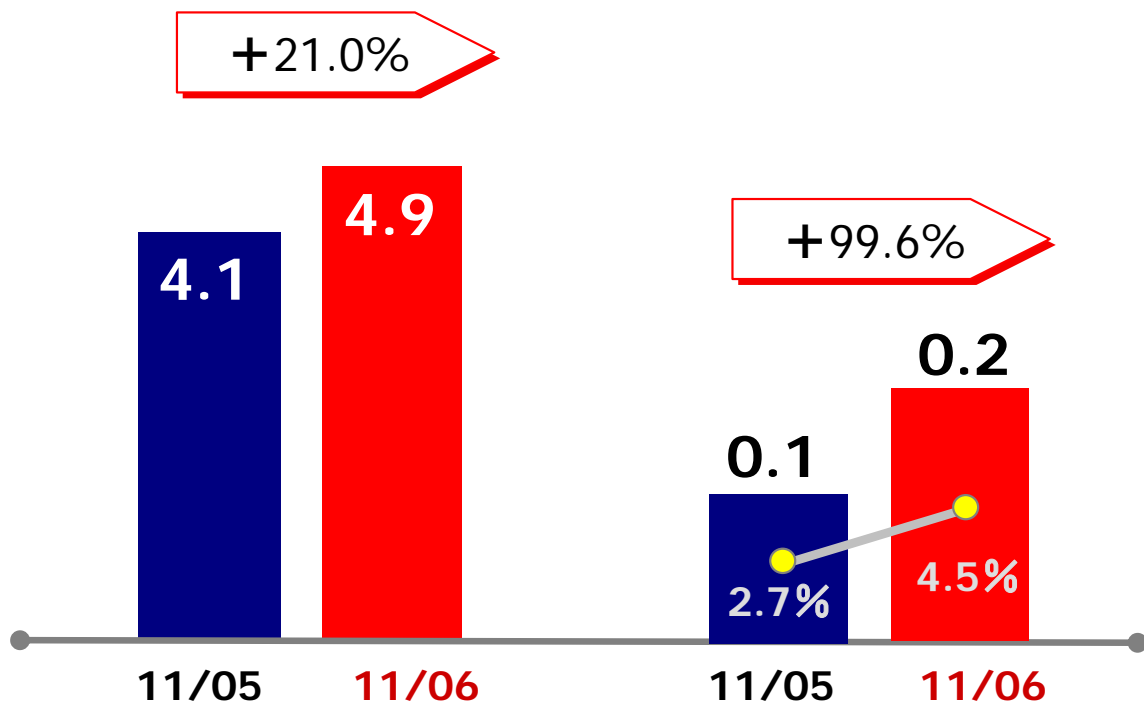
(Millions of yen)

|        | 9/05  | 9/06  | YoY     |
|--------|-------|-------|---------|
| Orders | 2,311 | 1,832 | (20.7%) |

## Steady performance in the core welfare benefits outsourcing business

**Sales**      **Operating Income, Operating Income Margin**

(Billions of yen)



### TOPICS

#### Steady acquisition of new members

Members 09/06 1.68 million (YoY +20.9%)

#### Business collaboration with ORIX, Yahoo!

Focus on agency sales

#### "Customer Loyalty Program"

Additional programs with existing tie-up major city banks deferred to the second half. Contributions to revenues and earnings expected for the full fiscal year

[Benefit One Inc. Results] (Millions of yen)

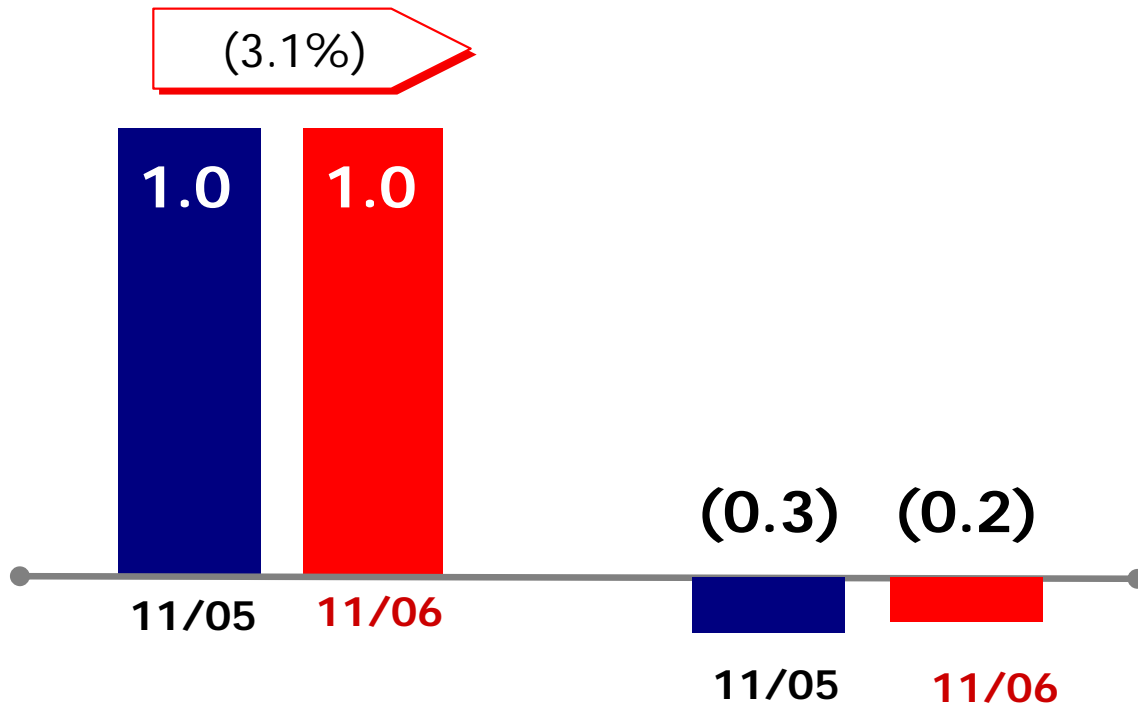
|                  | 9/05  | 9/06  | YoY     |
|------------------|-------|-------|---------|
| Sales            | 4,066 | 4,918 | +21.0%  |
| Operating income | 113   | 266   | +135.1% |
| Ordinary income  | 113   | 250   | +120.3% |

Note: Consolidated settlement from the fiscal year ended March 31, 2006

**Internet recruiting business steadily providing complementary support to the Company's activities in temporary staffing and placement  
Contraction in segment loss**

**Sales**      **Operating Income, Operating Income Margin**

(Billions of yen)



**TOPICS**

- Healthy results in child care and language-and education related businesses
- In an effort to complement activities in human resource-related fields, cutback in Internet recruiting business investment including promotional expenses
- Reduction in loss
- Slight year-on-year drop in sales due to the sale of Home Computing Network, Inc.

## 4. Forecast of Consolidated Results for the Fiscal Year Ending May 31, 2007

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# Forecasts and Progress for the Fiscal Year Ending May 31, 2007 (Consolidated)

## Steady demand for human resources in the second half

- ▶ Efforts to further bolster the temporary staffing and placement and recruiting businesses through new investment Revenues and earnings in line with estimates at the beginning of the period due to implementation of deferred items from the first half and new investment in the second half

### Temporary Staffing

Establishment of new registration offices in the Shin Marunouchi Building, at Omotesando and Fuchu

The unit price spread expected to slightly contract owing to the impact of large-scale orders

### Placement and Recruiting

Nationwide operations commenced under the banner of Pasona Career

Results expected to meet estimates due to delay to achieve consultant employment plans

### Outplacement

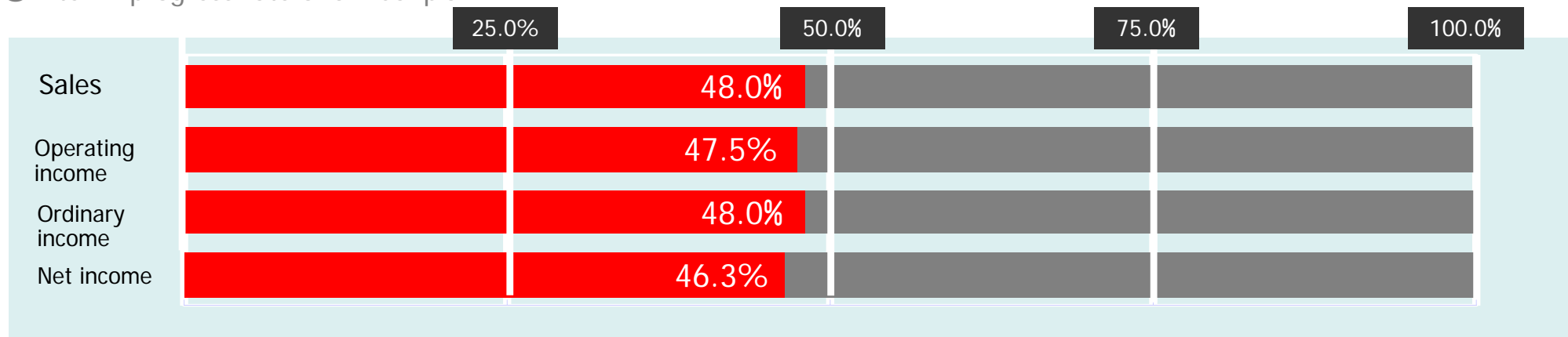
Based on order results and trends in the first half, the pace of growth expected to weaken in the second half

Results expected to meet estimates for the full fiscal year

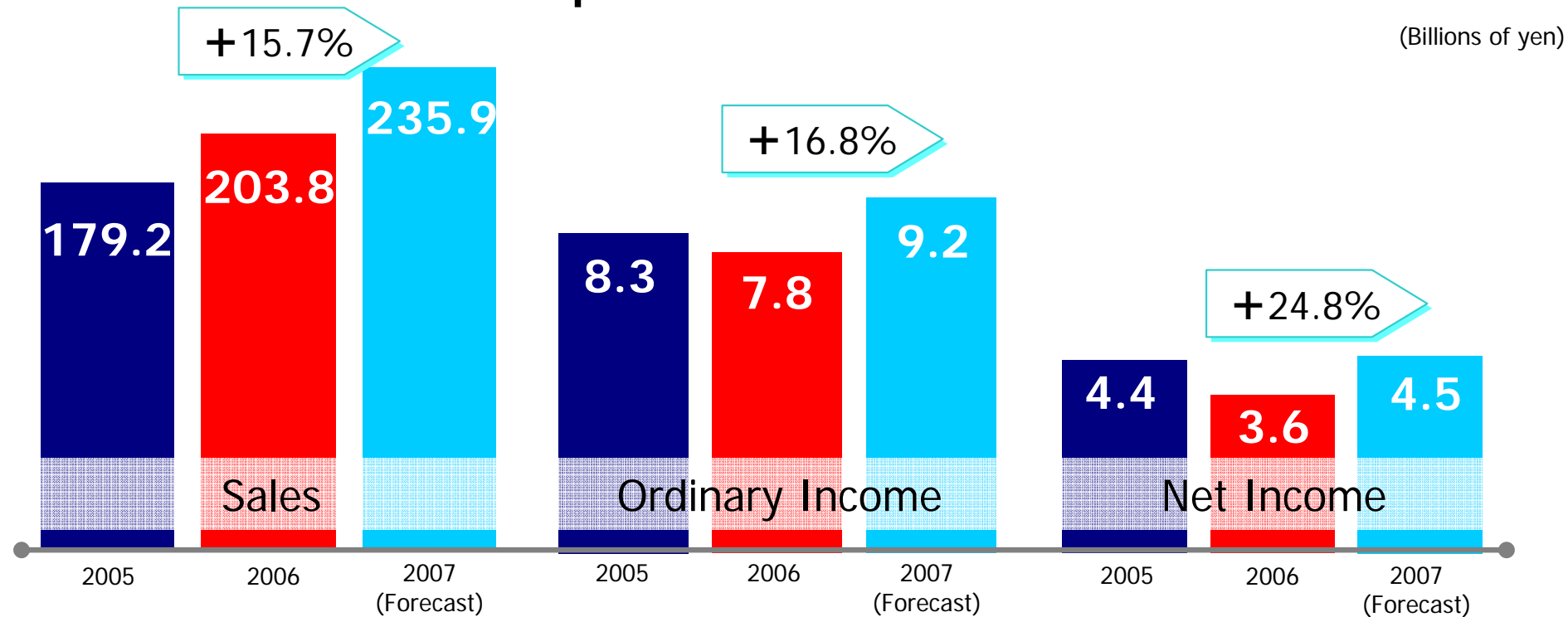
### Outsourcing

Continued steady performance through to the second half in core welfare benefit outsourcing activities

## ● Interim progress rate of annual plan

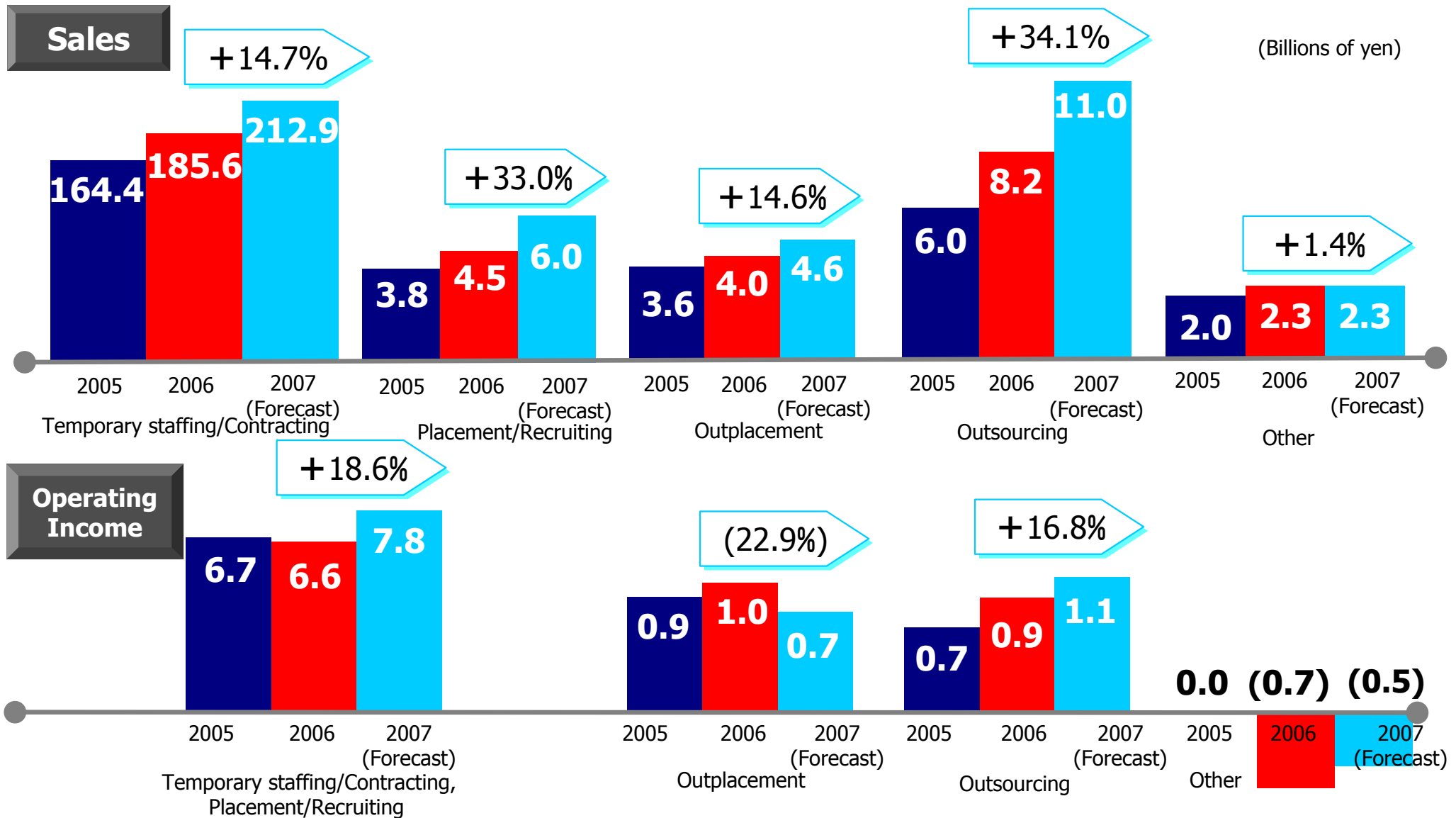


## Steady demand for human resources Target revenue and earnings growth on the back of active development



| (Millions of yen) | 2006    | (%)     | 2007 (Forecast) | (%)     | Increase/ (Decrease) YoY | (%pt)  |
|-------------------|---------|---------|-----------------|---------|--------------------------|--------|
| Sales             | 203,815 | (100.0) | 235,900         | (100.0) | 32,085 +15.7%            | (-)    |
| Gross profit      | 41,236  | (20.2)  | 48,130          | (20.4)  | 6,894 +16.7%             | (+0.2) |
| SG&A expenses     | 33,491  | (16.4)  | 39,040          | (16.5)  | 5,549 +16.6%             | (+0.1) |
| Operating income  | 7,745   | (3.8)   | 9,080           | (3.9)   | 1,335 +17.3%             | (+0.1) |
| Ordinary income   | 7,844   | (3.8)   | 9,150           | (3.9)   | 1,306 +16.8%             | (+0.1) |
| Net income        | 3,588   | (1.8)   | 4,470           | (1.9)   | 882 +24.8%               | (+0.1) |

# Forecasts for the Fiscal Year Ending May 31, 2007 (Consolidated by Business Segment)

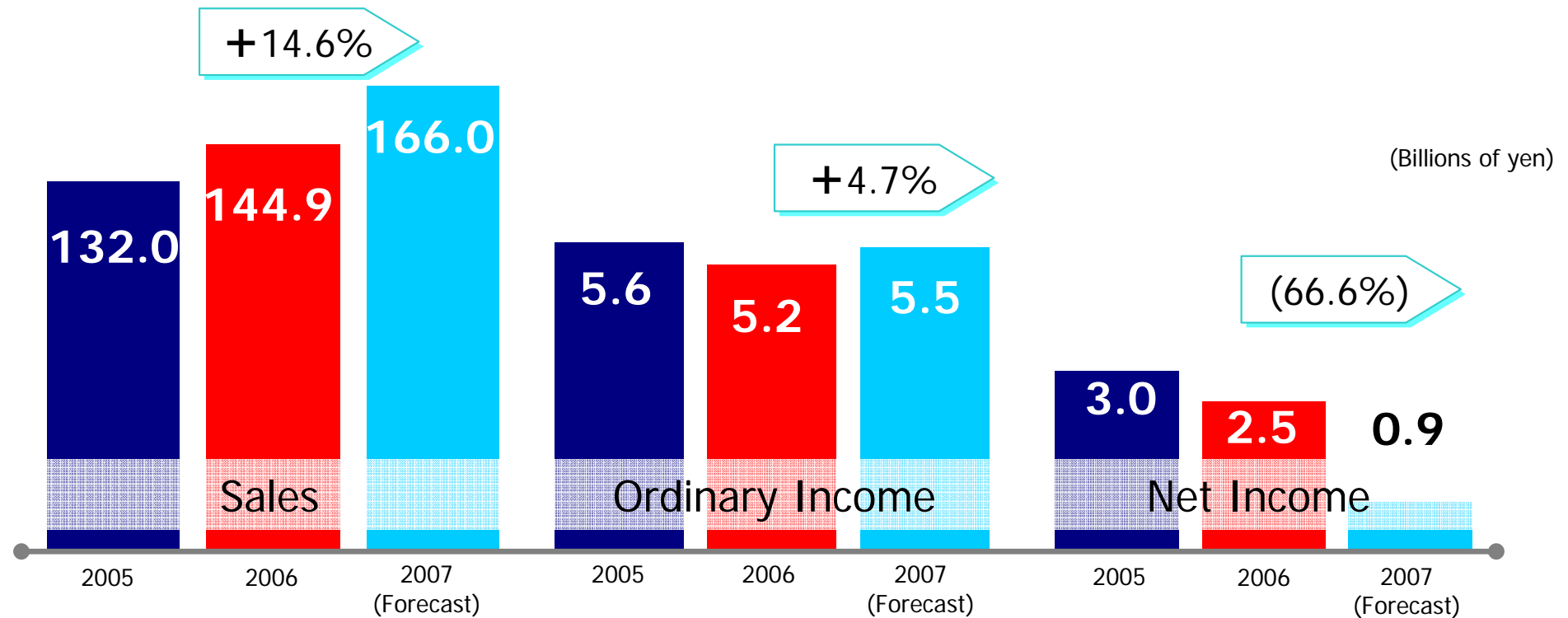


Note 1: Segment data is before intersegment eliminations.

Note 2: Temporary staffing / Contracting and Placement and Recruiting are recorded as the one segment. \*For earnings forecasts, amount of less than 10 million yen are rounded down (Millions of yen)

|                         | Temporary staffing / Contracting |         |       | Placement / Recruiting |       |       | Outplacement |       |         | Outsourcing |        |       | Other |       |      |
|-------------------------|----------------------------------|---------|-------|------------------------|-------|-------|--------------|-------|---------|-------------|--------|-------|-------|-------|------|
|                         | 2006                             | 2007    | YoY   | 2006                   | 2007  | YoY   | 2006         | 2007  | YoY     | 2006        | 2007   | YoY   | 2006  | 2007  | YoY  |
| <b>Sales</b>            | 185,584                          | 212,860 | 14.7% | 4,542                  | 6,040 | 33.0% | 4,008        | 4,590 | 14.6%   | 8,219       | 11,020 | 34.1% | 2,303 | 2,330 | 1.4% |
| <b>Operating Income</b> | 6,556                            | 7,770   | 18.6% |                        |       |       | 966          | 740   | (22.9%) | 903         | 1,050  | 16.8% | (699) | (490) | -    |

## Revision to full fiscal year forecasts due to valuation loss in connection with subsidiary company shares (No impact on consolidated results)



| (Millions of yen) | 2006    | (%)     | 2007 (Forecast) | (%)     | Increase/(Decrease) | YoY    | (%pt)  |
|-------------------|---------|---------|-----------------|---------|---------------------|--------|--------|
| Sales             | 144,864 | (100.0) | 166,000         | (100.0) | 21,136              | +14.6% | (-)    |
| Gross profit      | 23,703  | (16.4)  | 26,660          | (16.1)  | 2,957               | +12.5% | (-0.3) |
| SG&A expenses     | 18,602  | (12.8)  | 21,350          | (12.9)  | 2,748               | +14.8% | (+0.1) |
| Operating income  | 5,101   | (3.5)   | 5,310           | (3.2)   | 209                 | +4.1%  | (-0.3) |
| Ordinary income   | 5,214   | (3.6)   | 5,460           | (3.3)   | 246                 | +4.7%  | (-0.3) |
| Net income        | 2,542   | (1.8)   | 850             | (0.5)   | (1,692)             | -66.6% | (-1.3) |

\*For earnings forecasts, amount of less than 10 million yen are rounded down

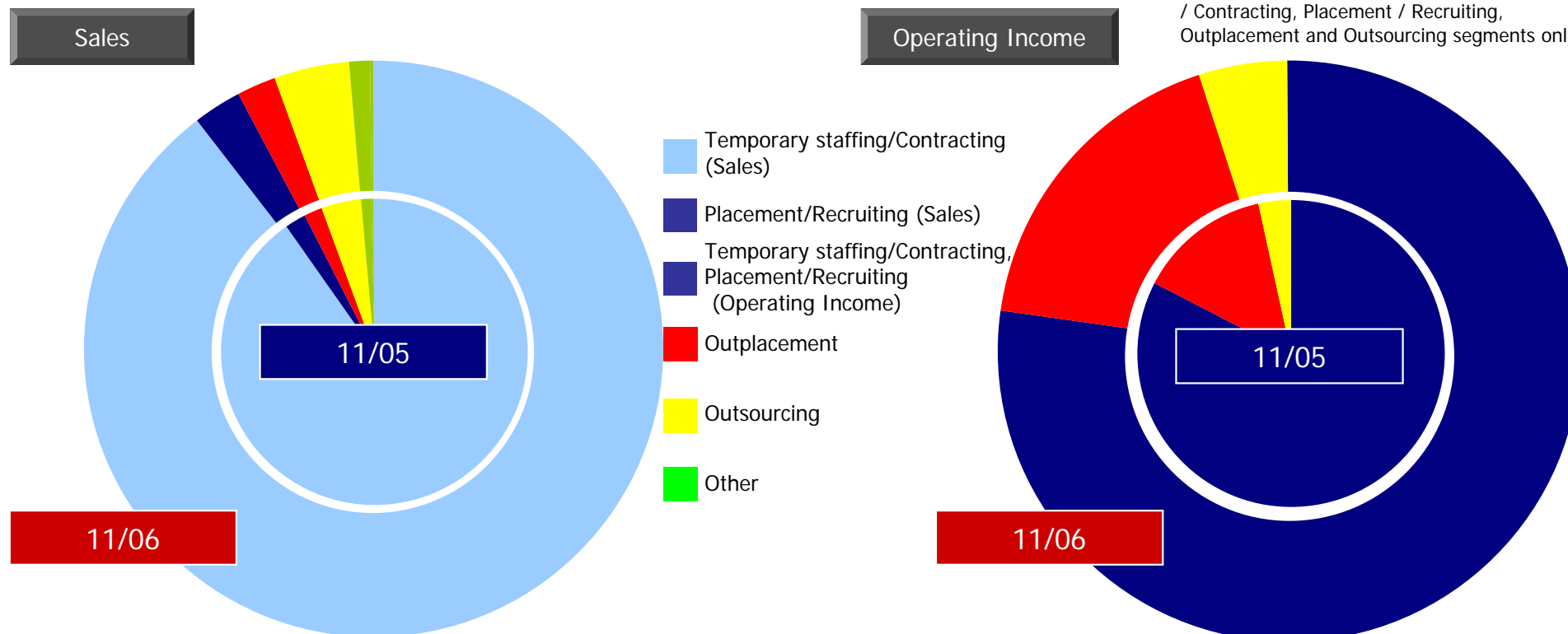


# Reference

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# Consolidated Results for the Interim Period of Fiscal Year Ending May 31, 2007 by Service Segment Composition

※Operating income data for Temporary staffing / Contracting, Placement / Recruiting, Outplacement and Outsourcing segments only.

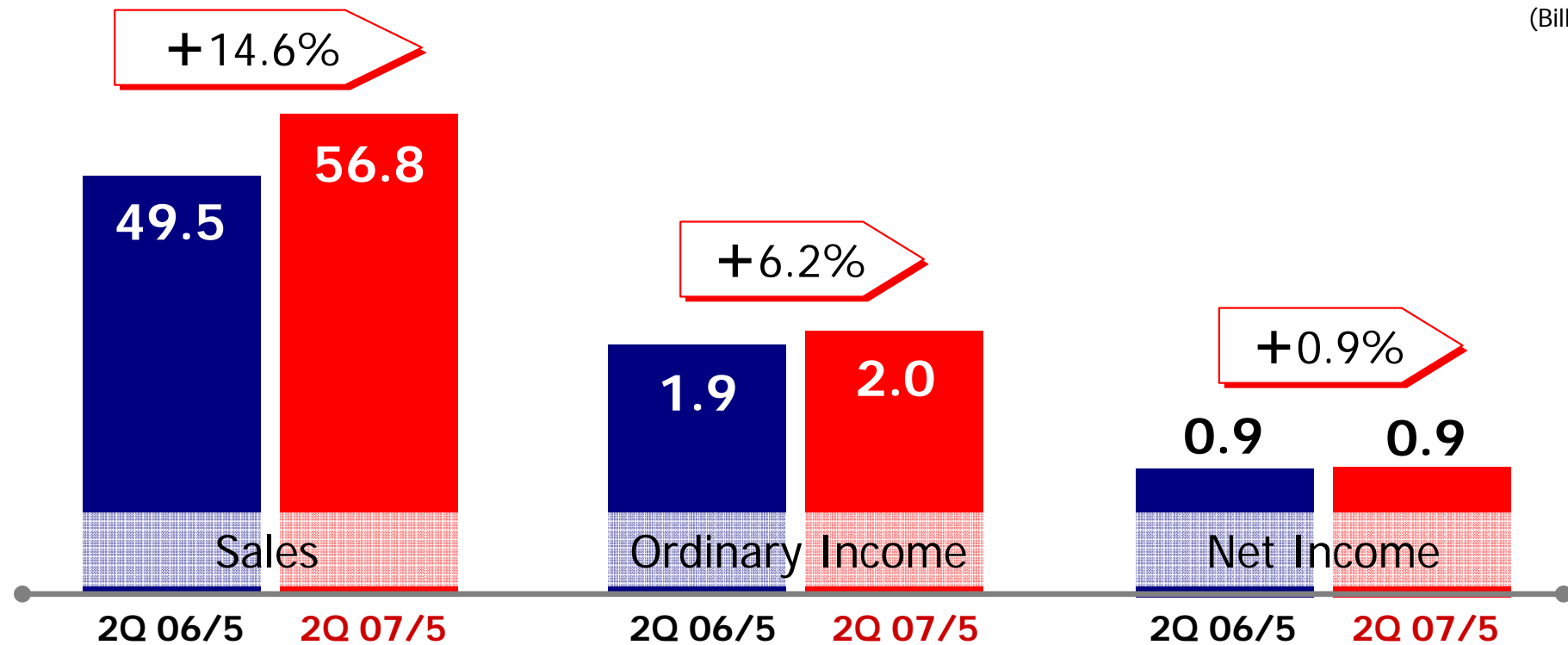


|                                 | 11/05         |               |                  |               | 11/06 (Millions of yen) |               |                  |               |
|---------------------------------|---------------|---------------|------------------|---------------|-------------------------|---------------|------------------|---------------|
|                                 | Sales         | %             | Operating Income | %             | Sales                   | %             | Operating Income | %             |
| Temporary staffing/ Contracting | 89,610        | 91.2%         | 2,831            | 90.7%         | 101,937                 | 90.1%         | 3,487            | 80.8%         |
| Placement / Recruiting          | 2,062         | 2.1%          |                  |               | 3,220                   | 2.8%          |                  |               |
| Outplacement                    | 1,898         | 1.9%          | 486              | 15.6%         | 2,589                   | 2.3%          | 802              | 18.6%         |
| Outsourcing                     | 4,064         | 4.1%          | 110              | 3.5%          | 4,918                   | 4.3%          | 221              | 5.1%          |
| Other                           | 1,024         | 1.1%          | (302)            | (9.7%)        | 992                     | 0.9%          | (196)            | (4.5%)        |
| Eliminations & Corporate        | (414)         | (0.4%)        | (4)              | (0.1%)        | (456)                   | (0.4%)        | 0                | 0.0%          |
| <b>Total</b>                    | <b>98,247</b> | <b>100.0%</b> | <b>3,123</b>     | <b>100.0%</b> | <b>113,202</b>          | <b>100.0%</b> | <b>4,314</b>     | <b>100.0%</b> |

# 2Q Consolidated Results for the Fiscal Year Ending May 31, 2007

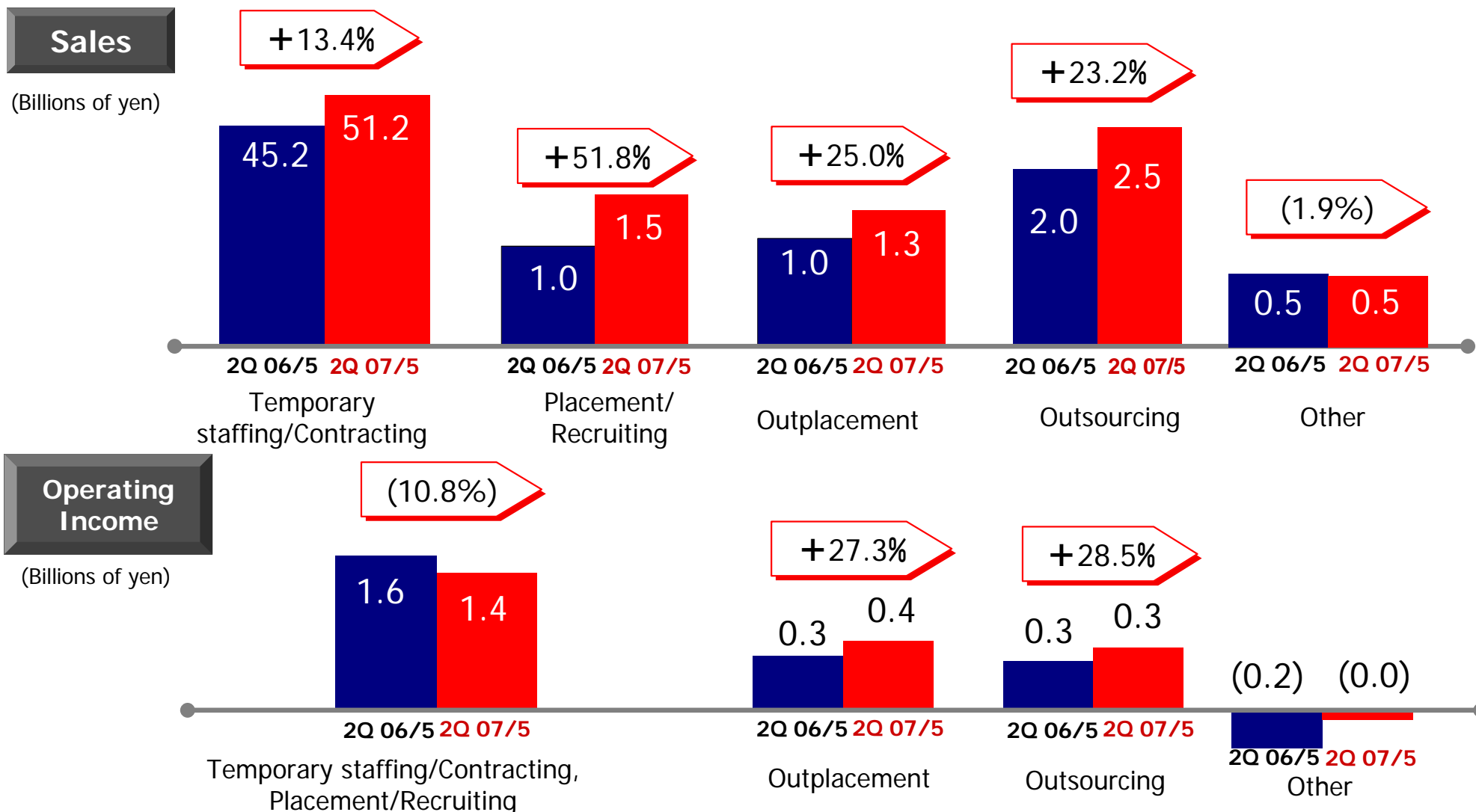
(September 2006 to November 2006)

(Billions of yen)



| (Millions of yen) | 2Q 2006/5 | (%)     | 2Q 2007/5 | (%)     | Increase/(Decrease) | YoY    | (%pt)  |
|-------------------|-----------|---------|-----------|---------|---------------------|--------|--------|
| Sales             | 49,520    | (100.0) | 56,757    | (100.0) | 7,237               | +14.6% | (-)    |
| Cost of sales     | 39,545    | (79.9)  | 45,097    | (79.5)  | 5,551               | +14.0% | (-0.4) |
| Gross profit      | 9,975     | (20.1)  | 11,660    | (20.5)  | 1,685               | +16.9% | (+0.4) |
| SG&A expenses     | 8,040     | (16.2)  | 9,623     | (16.9)  | 1,582               | +19.7% | (+0.7) |
| Operating income  | 1,934     | (3.9)   | 2,037     | (3.6)   | 102                 | +5.3%  | (-0.3) |
| Ordinary income   | 1,895     | (3.8)   | 2,014     | (3.5)   | 118                 | +6.2%  | (-0.3) |
| Net income        | 939       | (1.9)   | 947       | (1.7)   | 8                   | +0.9%  | (-0.2) |

# 2Q Consolidated Results (September 2006 to November 2006) for the Fiscal Year Ending May 31, 2007 (By Business Segment)



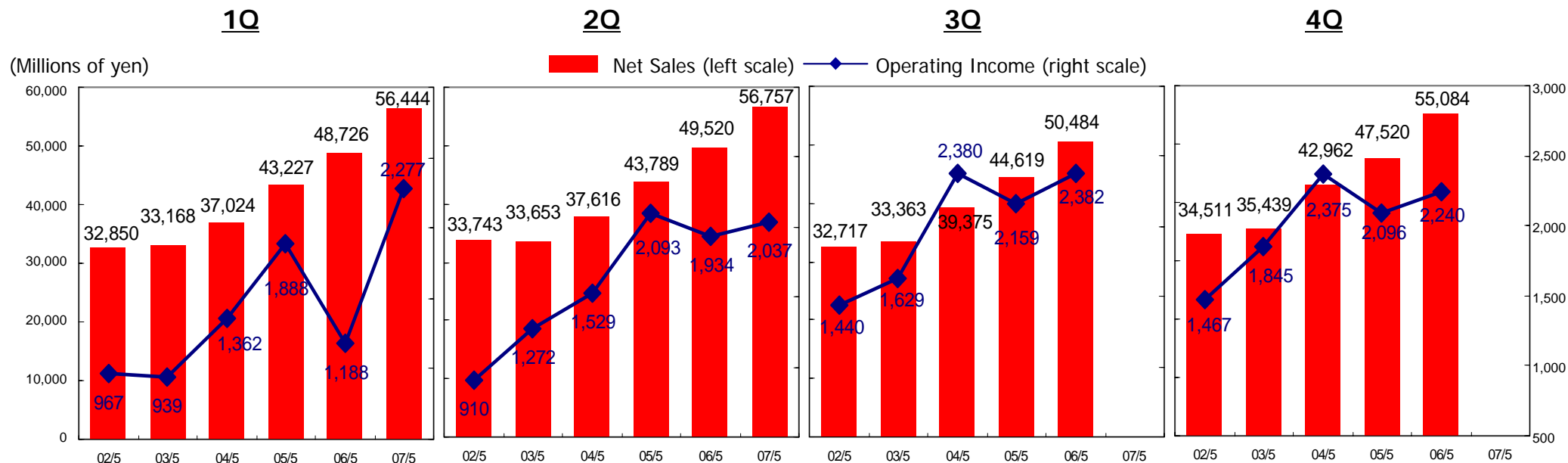
Note 1: Segment data is before intersegment eliminations.

Note 2: Temporary staffing / Contracting and Placement and Recruiting are recorded as the one segment.

(Millions of yen)

|                        | Temporary staffing/Contracting |        |         | Placement/Recruiting |       |       | Outplacement |       |       | Outsourcing |       |       | Other   |         |        | Elimination and Corporate |       |
|------------------------|--------------------------------|--------|---------|----------------------|-------|-------|--------------|-------|-------|-------------|-------|-------|---------|---------|--------|---------------------------|-------|
|                        | 2Q 06                          | 2Q 07  | YoY     | 2Q 06                | 2Q 07 | YoY   | 2Q 06        | 2Q 07 | YoY   | 2Q 06       | 2Q 07 | YoY   | 2Q 06   | 2Q 07   | YoY    | 2Q 06                     | 07/2Q |
| <b>Sales</b>           | 45,178                         | 51,213 | 13.4%   | 999                  | 1,516 | 51.8% | 1,007        | 1,260 | 25.0% | 2,030       | 2,502 | 23.2% | 505     | 495     | (1.9%) | (201)                     | (231) |
| Operating Income       | 1,582                          | 1,411  | (10.8%) | -                    | -     | -     | 275          | 350   | 27.3% | 264         | 340   | 28.5% | (215)   | (62)    | -      | 27                        | (2)   |
| Operating Income Ratio | 3.4%                           | 2.7%   | (0.7pt) | -                    | -     | -     | 27.4%        | 27.8% | 0.4pt | 13.0%       | 13.6% | 0.6pt | (42.7%) | (12.7%) | 30.0pt | (13.5%)                   | -     |

# Quarterly Results



## Quarterly Results

| Net Sales | 1st quarter | 2nd quarter | 3rd quarter | 4th quarter | Full term |
|-----------|-------------|-------------|-------------|-------------|-----------|
| 2002      | 32,850      | 33,743      | 32,717      | 34,511      | 133,822   |
| 2003      | 33,168      | 33,653      | 33,363      | 35,439      | 135,625   |
| 2004      | 37,024      | 37,616      | 39,375      | 42,962      | 156,979   |
| 2005      | 43,227      | 43,789      | 44,619      | 47,520      | 179,156   |
| 2006      | 48,726      | 49,520      | 50,484      | 55,084      | 203,815   |
| 2007      | 56,444      | 56,757      | -           | -           | -         |

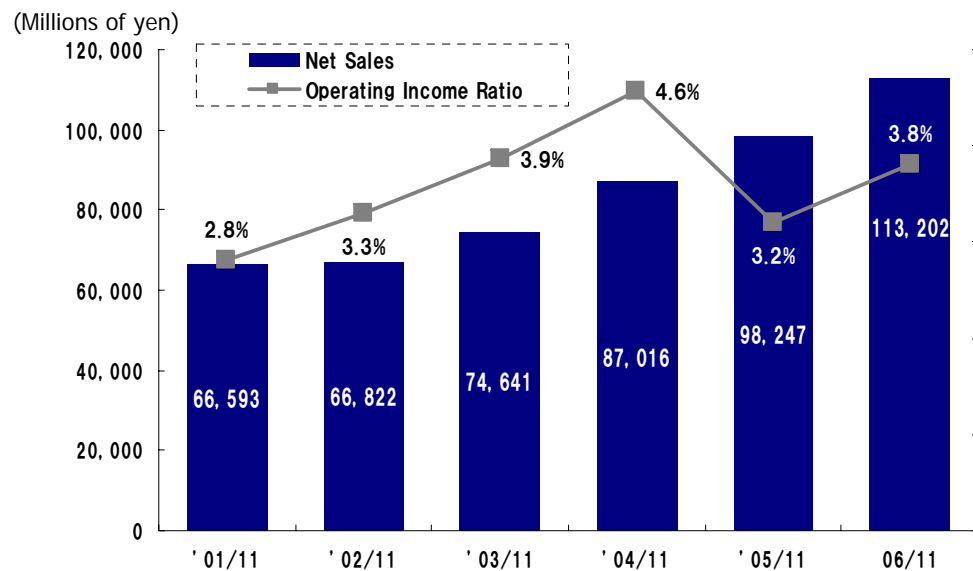
| Ordinary Income | 1st quarter | 2nd quarter | 3rd quarter | 4th quarter | Full term |
|-----------------|-------------|-------------|-------------|-------------|-----------|
| 2002            | 886         | 851         | 1,113       | 1,370       | 4,222     |
| 2003            | 884         | 1,201       | 1,638       | 1,648       | 5,373     |
| 2004            | 1,348       | 1,359       | 2,280       | 2,341       | 7,329     |
| 2005            | 1,906       | 2,083       | 2,116       | 2,183       | 8,289     |
| 2006            | 1,207       | 1,895       | 2,381       | 2,360       | 7,844     |
| 2007            | 2,377       | 2,014       | -           | -           | -         |

(Millions of yen)

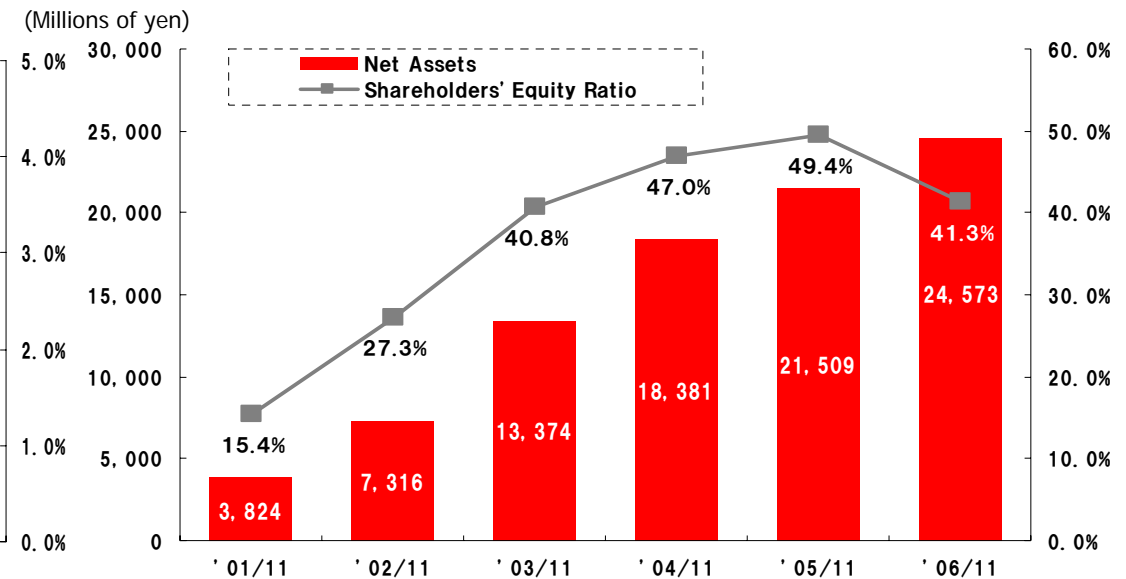
| Operating Income | 1st quarter | 2nd quarter | 3rd quarter | 4th quarter | Full term |
|------------------|-------------|-------------|-------------|-------------|-----------|
| 2002             | 967         | 910         | 1,440       | 1,467       | 4,786     |
| 2003             | 939         | 1,272       | 1,629       | 1,845       | 5,687     |
| 2004             | 1,362       | 1,529       | 2,380       | 2,375       | 7,648     |
| 2005             | 1,888       | 2,093       | 2,159       | 2,096       | 8,238     |
| 2006             | 1,188       | 1,934       | 2,382       | 2,240       | 7,745     |
| 2007             | 2,277       | 2,037       | -           | -           | -         |

| Net Income | 1st quarter | 2nd quarter | 3rd quarter | 4th quarter | Full term |
|------------|-------------|-------------|-------------|-------------|-----------|
| 2002       | 290         | 532         | 476         | 675         | 1,974     |
| 2003       | 394         | 537         | 768         | 326         | 2,027     |
| 2004       | 642         | 630         | 1,110       | 1,263       | 3,647     |
| 2005       | 955         | 1,364       | 979         | 1,065       | 4,363     |
| 2006       | 543         | 939         | 1,113       | 992         | 3,588     |
| 2007       | 1,125       | 947         | -           | -           | -         |

## Net Sales and Operating Income Ratio



## Net Assets and Shareholders' Equity Ratio



## Interim Results Indicator

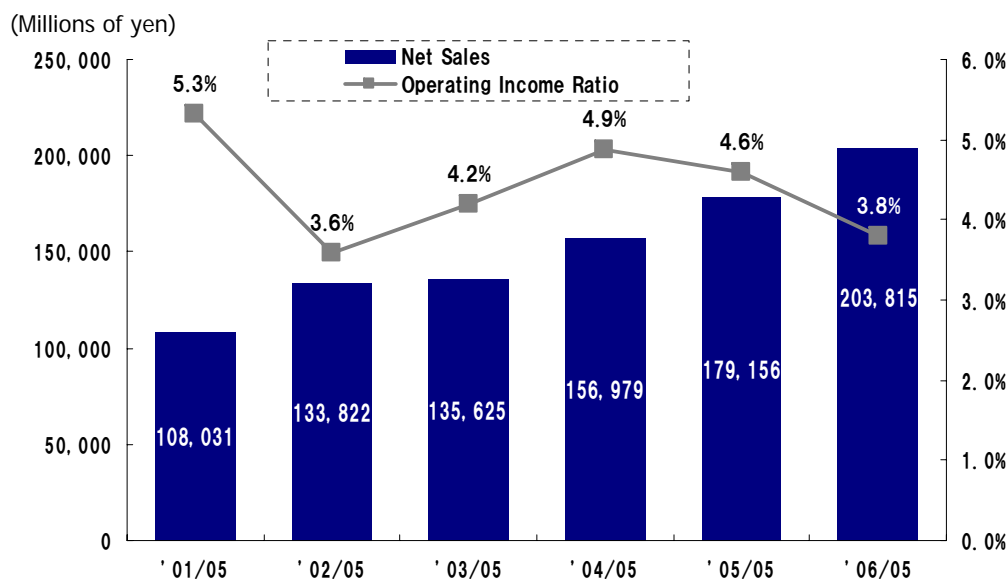
(Millions of yen)

| Key Indicators  | '01/11 | '02/11 | '03/11 | '04/11 | '05/11 | '06/11  |
|---|--------|--------|--------|--------|--------|---------|
| Net Sales   | 66,593 | 66,822 | 74,641 | 87,016 | 98,247 | 113,202 |
| Gross Profit Margin                                     | 17.6%  | 18.9%  | 20.1%  | 20.6%  | 19.8%  | 20.3%   |
| SG&A Expenses   | 9,823  | 10,386 | 12,091 | 13,905 | 16,290 | 18,654  |
| SGA Expenses Ratio                                      | 14.8%  | 15.6%  | 16.2%  | 16.0%  | 16.6%  | 16.5%   |
| Operating Income  | 1,878  | 2,211  | 2,892  | 3,982  | 3,123  | 4,314   |
| Operating Income Ratio                                  | 2.8%   | 3.3%   | 3.9%   | 4.6%   | 3.2%   | 3.8%    |
| Ordinary Income   | 1,738  | 2,086  | 2,707  | 3,990  | 3,103  | 4,392   |
| Ordinary Income Ratio                                   | 2.6%   | 3.1%   | 3.6%   | 4.6%   | 3.2%   | 3.9%    |
| Net Income  | 822    | 931    | 1,272  | 2,319  | 1,482  | 2,073   |
| Return on Sales   | 1.2%   | 1.4%   | 1.7%   | 2.7%   | 1.5%   | 1.8%    |
| Total Assets  | 24,808 | 26,796 | 32,759 | 39,150 | 43,526 | 49,918  |
| Net Assets *1   | 3,824  | 7,316  | 13,374 | 18,381 | 21,509 | 24,573  |
| Shareholders' Equity Ratio *2                           | 15.4%  | 27.3%  | 40.8%  | 47.0%  | 49.4%  | 41.3%   |
| Current Ratio   | 117.0% | 122.7% | 146.9% | 177.2% | 182.0% | 152.3%  |
| Number of Employees (Does not include contract workers) | 1,393  | 1,501  | 1,886  | 2,000  | 2,297  | 2,761   |

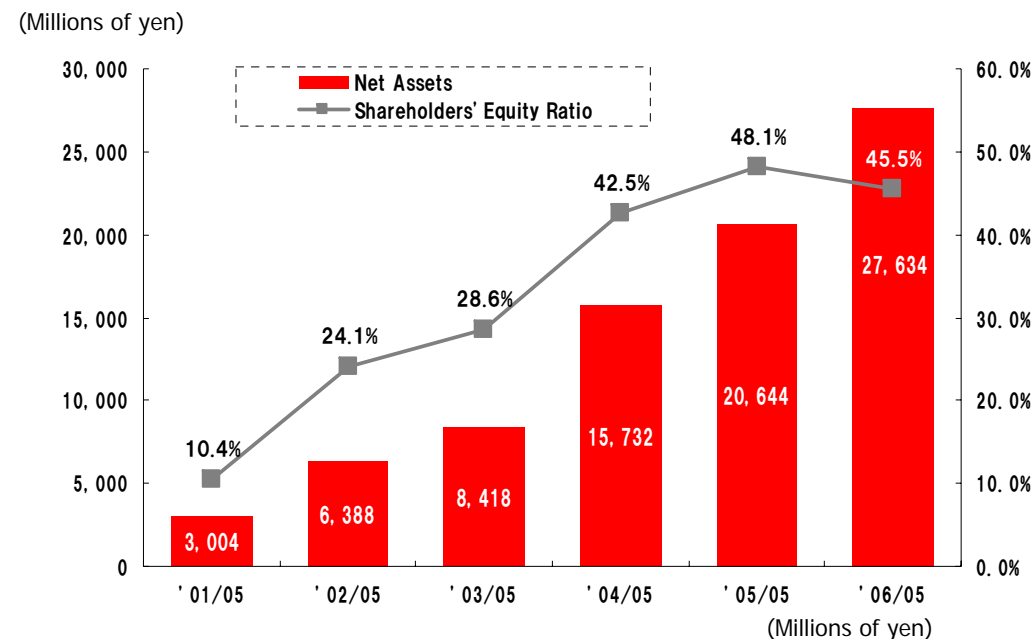
Notes: 1. Presentation of shareholders' equity amended to a net assets basis in line with changes to accounting standards and policies. Minority interests of ¥3,961 million included in presentation of net assets as of November 30, 2006

2. Despite changes in calculation methods for net assets following the introduction of changes to accounting standards and policies, the shareholders' equity ratio for the interim fiscal period ended November 30, 2006 is calculated utilizing an amount equivalent to net assets applicable to common shares

## Net Sales and Operating Income Ratio



## Net Assets and Shareholders' Equity Ratio



## Interim Results Indicator

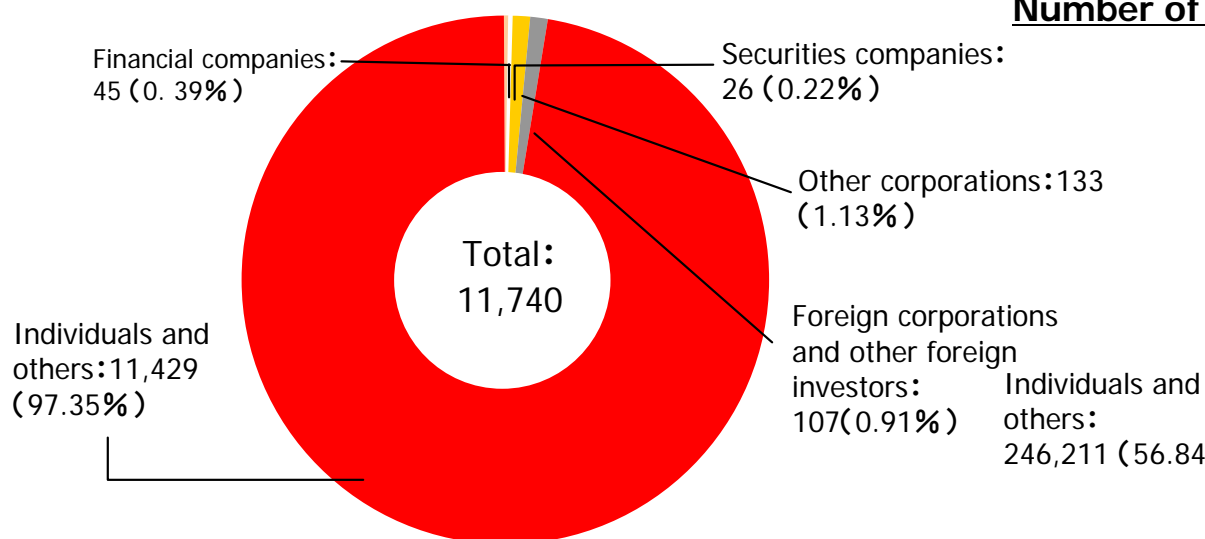
| Key Indicators  | '01/05  | '02/05  | '03/05  | '04/05  | '05/05  | '06/05  |
|---|---------|---------|---------|---------|---------|---------|
| Net Sales   | 108,031 | 133,822 | 135,625 | 156,979 | 179,156 | 203,815 |
| Gross Profit Margin                                     | 20.8%   | 18.2%   | 19.7%   | 20.9%   | 20.8%   | 20.2%   |
| SG&A Expenses   | 16,695  | 19,557  | 21,058  | 25,104  | 28,992  | 33,491  |
| SGA Expenses Ratio                                      | 15.5%   | 14.6%   | 15.5%   | 16.0%   | 16.2%   | 16.4%   |
| Operating Income  | 5,742   | 4,786   | 5,687   | 7,648   | 8,238   | 7,745   |
| Operating Income Ratio                                  | 5.3%    | 3.6%    | 4.2%    | 4.9%    | 4.6%    | 3.8%    |
| Ordinary Income   | 5,464   | 4,222   | 5,373   | 7,329   | 8,289   | 7,844   |
| Ordinary Income Ratio                                   | 5.1%    | 3.2%    | 4.0%    | 4.7%    | 4.6%    | 3.8%    |
| Net Income (Loss)                                       | (6,849) | 1,974   | 2,027   | 3,647   | 4,363   | 3,588   |
| Return on Sales   | (6.3)%  | 1.5%    | 1.5%    | 2.3%    | 2.4%    | 1.8%    |
| Total Assets  | 28,849  | 26,526  | 29,425  | 37,004  | 42,884  | 51,931  |
| Net Assets *1   | 3,004   | 6,388   | 8,418   | 15,732  | 20,644  | 27,634  |
| Shareholders' Equity Ratio *2                           | 10.4%   | 24.1%   | 28.6%   | 42.5%   | 48.1%   | 45.5%   |
| Current Ratio   | 114.3%  | 121.6%  | 122.3%  | 160.2%  | 182.8%  | 170.8%  |
| Number of Employees (Does not include contract workers) | 1,371   | 1,537   | 1,687   | 1,979   | 2,204   | 2,608   |

Notes: 1. Presentation of shareholders' equity amended to a net assets basis in line with changes to accounting standards and policies. Minority interests of ¥3,988 million included in presentation of net assets as of May 31, 2006

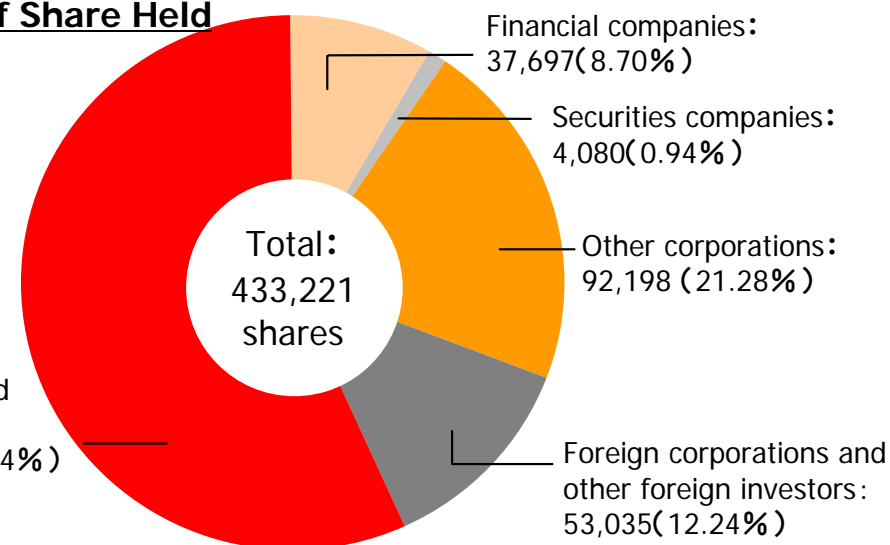
2. Despite changes in calculation methods for net assets following the introduction of changes to accounting standards and policies, the shareholders' equity ratio for the fiscal year ended May 31, 2006 is calculated utilizing an amount equivalent to net assets applicable to common shares

(As of November 30, 2006)

## Breakdown of Shareholders by Type



## Breakdown of Shareholders by Number of Share Held



※Shares held by Japan Securities Depository Center are included in "Other corporations", and treasury stock is included in "Individuals and others."

## Principal Stockholders

|  |         |        |
|--|---------|--------|
| Yasuyuki Nambu                                       | 147,632 | 34.08% |
| Nikko Cordial Corporation                            | 45,608  | 10.53% |
| Nambu Finance Inc.                                   | 30,000  | 6.92%  |
| Pasona Inc.  | 17,500  | 4.04%  |
| State Street Bank and Trust Company                  | 11,131  | 2.57%  |
| Yamato Life Insurance Co.                            | 9,918   | 2.29%  |
| Japan Trustees Service Bank, Ltd. (Trust Account)    | 9,435   | 2.18%  |
| Eizaburo Nambu                                       | 9,000   | 2.08%  |
| Nambu Enterprise Inc.                                | 5,688   | 1.31%  |
| The Master Trust Bank of Japan, Ltd. (Trust Account) | 5,178   | 1.20%  |



Tokyo Stock Exchange, 1st Section, Osaka Securities Exchange "Hercules" 4332

|                            |  |
|----------------------------|--|
| <b>Corporate Name</b>      | Pasona Inc.  |
| <b>Headquarters</b>        | Otemachi-Nomura Bldg.<br>2-1-1, Otemachi, Chiyoda-ku,<br>Tokyo 100-0004<br>Phone 03-6734-1100                        |
| <b>Established</b>         | September 27, 1989<br>( Founded February 1976)   |
| <b>Paid-in Capital</b>     | 8,329 million yen  |
| <b>Representative</b>      | Yasuyuki Nambu   |
| <b>Business Activities</b> | Temporary staffing/Contracting<br>Placement/Recruiting<br>Outplacement<br>Outsourcing<br>Other                       |
| <b>Number of Employees</b> | 【Consolidated】 Employees 2,761 / Contract workers 1,104<br>【Non-Consolidated】 Employees 1,353 / Contract workers 440 |
| <b>Group Companies</b>     | Subsidiaries 41, Affiliates 9  |
| <b>URL</b>                 | <a href="http://www.pasona.co.jp/">http://www.pasona.co.jp/</a>  |