Pasona Group Inc.
1-5-1 Marunouchi, Chiyoda-ku, Tokyo
Listing Code No.: 2168
Listing: First Section, Tokyo Stock Exchange
www.pasonagroup.co.jp

Summary

January 9, 2009

Consolidated Financial Report for the First Half of the Fiscal Year Ending May 31, 2009

- **Confronted by a difficult operating environment due mainly to the downturn in the general economy, demand for new personnel was weak serving to push Temporary staffing business revenues downward. On the other hand, buoyed by its comprehensive and diversified human resource strategy, the Pasona Group experienced revenue and earnings growth in each of its Outplacement and Outsourcing businesses**

- **Direct input costs increased owing mainly to the substantial upswing in temporary staffing health insurance premium payment rates. While the Pasona Group took steps to reduce costs during the period under review, selling, general and administrative (SG&A) expenses climbed slightly reflecting information technology, human resource and other investments in growth fields**

- **During the six-month period ended November 30, 2008, minority interests in income of consolidated subsidiaries increased. In addition, Pasona Group reversed a portion of consolidated subsidiary deferred tax assets. Taking into account these factors, net income for the period under review contracted**

【1】Consolidated Business Results

FY 2009 First Half（June 1, 2008 – November 30, 2008） (Millions of yen rounded down)

	FY2008 First Half	**FY2009 First Half**	Increase / (Decrease)	YoY
Net sales	119,516	**116,086**	(3,429)	(2.9)%
Cost of sales	95,169	**92,888**	(2,281)	(2.4)%
(to net sales)	(79.6%)	**(80.0%)**	(0.4%pt)	
Gross profit	24,346	**23,197**	(1,148)	(4.7)%
(to net sales)	(20.4%)	**(20.0%)**	(-0.4%pt)	
Selling, general and administrative expenses	21,274	**21,598**	324	1.5%
(to net sales)	(17.8%)	**(18.6%)**	(0.8%pt)	
Operating income	3,071	**1,598**	(1,473)	(48.0)%
(to net sales)	(2.6%)	**(1.4%)**	(-1.2%pt)	
Ordinary income	3,145	**1,803**	(1,341)	(42.7)%
(to net sales)	(2.6%)	**(1.6%)**	(-1.0%pt)	
Income before income taxes	3,036	**1,601**	(1,434)	(47.2)%
(to net sales)	(2.5%)	**(1.4%)**	(-1.1%pt)	
Net income	1,063	**203**	(859)	(80.8)%
(to net sales)	(0.9%)	**(0.2%)**	(-0.7%pt)	
Net income per share (Yen)	2,553.65	**521.44**	(2,032.21)	(79.6)%

Note: Pasona Group Inc. was established on December 3, 2007 as a single wholly owning parent company of Pasona Inc. through the sole transfer of shares. As a result, there is no substantive change in the scope of the Group’s consolidation. On this basis, business results of Pasona Inc. for the corresponding period of the fiscal year ended May 31, 2008 are provided for comparative purposes.

【2】Segment Information (Figures including intersegment sales and transfers)

FY 2009 First Half（June 1, 2008 – November 30, 2008） (Millions of yen rounded down)

	FY2008 First Half	**FY2009 First Half**	Increase / (Decrease)	YoY	Share	YoY
Temporary staffing / Contracting, Placement / Recruiting	109,853	**105,161**	(4,691)	(4.3)%	90.6%	(1.3)%pt
Temporary staffing / Contracting	105,687	**101,665**	(4,021)	(3.8)%	87.6%	(0.8)%pt
Placement / Recruiting	4,166	**3,496**	(669)	(16.1)%	3.0%	(0.5)%pt
Outplacement	2,634	**2,893**	258	9.8%	2.5%	+0.3%pt
Outsourcing	6,606	**7,479**	872	13.2%	6.4%	+0.8%pt
Other	970	**1,287**	317	32.7%	1.1%	+0.3%pt
Eliminations and Corporate	(549)	**(735)**	(186)	—	(0.6)%	(0.1)%pt
Total Net Sales	119,516	**116,086**	(3,429)	(2.9)%	100.0%	—
Temporary staffing / Contracting, Placement / Recruiting	2,002	**2,025**	22	1.1%	126.7%	61.5%pt
Outplacement	587	**618**	30	5.2%	38.7%	19.6%pt
Outsourcing	477	**758**	281	58.9%	47.5%	32.0%pt
Other	1	**24**	23	1,449.4%	1.5%	1.4%pt
Eliminations and Corporate	2	**(1,828)**	(1,830)	—	(114.4)%	(114.5)%pt
Total Operating Income	3,071	**1,598**	(1,473)	(48.0)%	100.0%	—

Note: From the second half of the fiscal year ended May 31, 2008, expenses of the holding company are recorded as corporate expenses within elimination and corporate.

Temporary staffing / Contracting, Placement / Recruiting

(Pasona Inc., Pasona Tech, Inc., Pasona Career Inc., Others)

Temporary staffing / Contracting

- A sense of surplus labor supply in the corporate sector together with a drop in new orders below estimates established at the beginning of the period contributed to a decrease in the number of long-term temporary staff
- Little change in the trend toward long-term temporary staffing stability reflecting a decline in the number of completed contracts and improvements in the average term of temporary staffing contracts
- By job type, results declined compared with the corresponding period of the previous fiscal year in clerical (general office work) staffing. Demand for IT engineering positions, on the other hand, increased
- Steady growth in the “Insourcing (contracting)” segment, positioned as a strategic priority business. This was attributable the Pasona Group’s efforts to strengthen its marketing capabilities in this field by promoting organizational change and augmenting personnel

Note: For the monthly average of long-term temporary staff and Temporary staffing / Contracting — sales by staffing type data, please refer to page 6.

Placement / Recruiting

Domestic sales: ¥2,892 million (Up 5.6% YoY)
Overseas sales: ¥603 million (Down 57.7% YoY)

- The stance adopted by the corporate sector as a whole became increasingly cautious throughout the six-month period ended November 30, 2008. While orders remained essentially unchanged compared with the corresponding period of the previous fiscal year, corporate sector demand was characterized by a higher level of sophistication and complexity prompting increased difficulty in personnel selection

- Results in the temp-to-perm business declined during the period under review. Demand for executive positions as well as human resources with a higher level of specialized skills and expertise, on the other hand, provided underlying support. Accounting for these factors, results in the domestic Placement and Recruiting business were steady
- Results in the Placement and Recruiting business outside Japan declined due to the impact of the sale of two consolidated subsidiaries

Operating income: Temporary staffing / Contracting, Placement and Recruiting segment

- From a profit perspective, gross profit margins in this business segment declined year on year. This decrease was attributable to the substantial upswing in the cost burden associated with large hikes in health insurance premium payment rates in connection with temporary staff
- During the period under review, the Pasona Group worked diligently to curtail recruitment and other expenditure. Reflecting the shift to a holding company structure, SG&A expenses associated with the control of the overall Group were allocated across all Company-wide segments

Outplacement (Pasona Career Inc., Others)

- During the period under review, both revenues and earnings in the outplacement business increased. This was attributable to robust demand on the back of corrections in employment conditions including calls by the corporate sector to implement optional and voluntary early retirement
- On a year-on-year basis, the trend toward smaller scale contracts became increasingly evident reflecting a decline in the intake of personnel per company and other factors. Despite this downturn, the number of client firms increased substantially during the six-month period ended November 30, 2008
- The Pasona Group was successful in increasing its market share, attracting high customer praise for its detailed counseling and after-care services

Outsourcing (Benefit One Inc.)

- In overall terms, the outsourcing market is enjoying a period of sustainable growth as major companies, government and other public offices, the market’s principal customer base, pursue the outsourcing of employee welfare benefit programs
- During the six-month period ended November 30, 2008, the Pasona Group continued to promote marketing proposals to its corporate customers, while expanding its menu of employee benefit services that take into consideration work and lifestyle balance
- The Group also launched a new service that caters to statutory special (metabolic) medical checkups following revisions to the Health Insurance Law
- At the same time, the Group strove to augment such new services as the “Customer Loyalty Program” (a goods and services supply program designed to increase the level of customer satisfaction) while strengthening its structure and capabilities in providing various service for the benefit of both individual and corporate members
- The Pasona Group was successful in containing overall input costs including expenses related to the publication of a guidebook. On this basis, business segment gross profit margins improved substantially

【3】Status of Financial Position and Investments

Changes in Financial Position (Consolidated)

(Millions of yen rounded down unless otherwise stated)

	November 30, 2007	May 31, 2008	**November 30, 2008**		YoY Increase / (Decrease)
Current assets	38,610	41,213	**35,091**		(6,121)
Noncurrent assets	16,606	17,300	**17,578**		278
Total assets	55,216	58,513	**52,670**	*1	(5,842)
Current liabilities	25,607	26,731	**25,723**		(1,008)
Noncurrent liabilities	1,872	2,313	**2,007**		(306)
Total liabilities	27,480	29,045	**27,731**	*2	(1,314)
Net assets	27,736	29,468	**24,939**	*3	(4,528)
Equity ratio (%)	41.8%	41.6%	**37.6%**		(4.0)%pt
Net assets per share (Yen)	55,326.07	58,363.62	**55,172.45**		(3,191.17)

Notes:

1. Major movements in total assets included cash and deposits as well as notes and accounts receivable — trade, which contracted ¥3,411 million and ¥1,964 million, respectively, compared with the end of the previous fiscal year.
2. During the period under review, the principal increase in total liabilities was short-term loans payable, which climbed ¥2,813 million compared with the balance as of May 31, 2008. This was more than offset by declines in accrued expenses of ¥1,500 million, income taxes payable of ¥1,075 million attributable to the payment of income and other taxes as well as accounts payable — trade of ¥785 million compared with the previous fiscal year-end.
3. Major movements in net assets were the payment of dividends totaling ¥541 million and acquisition of treasury stock amounting to ¥4,154 million.

Status of Consolidated Cash Flows

(Millions of yen rounded down)

	FY2008				**FY2009**			YoY Increase / (Decrease)
	1Q	6 Months Results	9 Months Results	Annual	**1Q**	**6 Months Results**		
Cash flows from operating activities	(1,883)	(865)	203	5,974	(1,322)	**609**		1,474
Cash flows from investing activities	(1,299)	(2,211)	(1,938)	(2,968)	(836)	**(1,856)**	*1	354
Cash flows from financing activities	1,424	3,007	2,517	(980)	641	**(2,184)**	*2	(5,192)
Free cash flows	(3,182)	(3,076)	(1,735)	3,006	(2,159)	**(1,247)**		1,828

Notes:

1. Movements in cash flows from investing activities were mainly attributable to payments for the purchase of fixed assets totaling ¥825 million and payments for the purchase of intangible assets amounting to ¥1,066 million.
2. Major cash inflow from financing activities was an increase in short-term loans payable of ¥2,810 million. Principal cash outflows from financing activities were payments for the acquisition of treasury stock amounting to ¥4,154 million and payments for dividends totaling ¥826 million.

【4】Revised Consolidated Forecasts of Business Results

FY2009 (June 1, 2008 to May 31, 2009)

In the Temporary staffing business, the number of new orders declined. Demand for job types requiring a higher level of skill and expertise and from companies and industries experiencing a labor shortage, on the other hand, was firm. Taking these factors into consideration, the ongoing trend toward long-term stability remains intact. Turning to the Outplacement and Outsourcing business segments, demand remains firm throughout. At the same time, Pasona Group anticipates a steady buildup in its performance in each segment due mainly to the concentrated allocation of management resources and the ongoing implementation of its comprehensive and diversified strategy.

Despite the aforementioned, Pasona Group is unable to deny that there exists a significant amount of uncertainty in connection with the demand for human resources from spring 2009. Forced to adopt a cautious approach toward future operating conditions, the Company has decided to revise its net sales forecast for the full fiscal year ending May 31, 2009 identified at the beginning of the period. From a profit perspective, Pasona Group continues to promote cutbacks in selling, general and administrative expenses in comparison with estimates set at the beginning of the period. Due to the drop in net sales compared with initially established projections, however, these endeavors have failed to fully offset the decline in gross profit. As a result, the Company has also decided to revise its earnings forecasts. In specific terms, the substantial drop in net income relative to ordinary income is attributable to a variety of factors including the increase in minority interests in income of consolidated subsidiaries as well as Pasona Group's decision to undertake a partial reversal of consolidated subsidiary deferred tax assets during the second quarter of the fiscal year ending May 31, 2009.

From the fiscal year ending May 31, 2010 and beyond, corporate sector employment adjustments are expected to progress even further. At the same time, the pace of temporary staffing demand and stability recovery focusing mainly on positions requiring specific skills and expertise is expected to exceed that of the general economy. In its efforts to better prepare for this bottoming out and positive turnaround in temporary staffing demand, Pasona Group will continue to place additional weight throughout the fiscal year under review on efforts to enhance temporary staffing education and training and to implement measures that are designed to secure a growing pool of quality staff. From a medium to long term perspective, the Company will continue to concentrate management resources into such growth fields as Outsourcing with the aim of realizing medium to long term improvements.

In conjunction with the aforementioned initiatives, Pasona Group will also promote a Group strategy that entails the reorganization of Group businesses and the consolidation of the Group's administrative infrastructure including offices. Through these means, the Company will further strengthen its Group management and to swiftly establish a robust operating structure that is unaffected by fluctuations in the economic environment.

(Millions of yen rounded down unless otherwise stated)

	Revised Forecast (A)	YoY		Net Change (B)-(A)		Initial Forecast (B)
		Increase / (Decrease)	%	Increase / (Decrease)	%	
Net sales	**224,730**	(12,215)	(5.2)%	(24,190)	(9.7)%	248,920
Operating income	**3,790**	(2,654)	(41.2)%	(1,710)	(31.1)%	5,500
Ordinary income	**4,220**	(2,417)	(36.4)%	(1,590)	(27.4)%	5,810
Net income	**1,040**	(1,922)	(64.9)%	(1,520)	(59.4)%	2,560

Revised Forecasts of Consolidated Results by Business Segment (Full Fiscal Year)

(Millions of yen rounded down unless otherwise stated)

	Net Sales	Increase / (Decrease)	YoY	Operating Income	Increase / (Decrease)	YoY
Temporary staffing / Contracting, Placement / Recruiting	**203,250**	(13,236)	(6.1)%	**4,400**	(656)	(13.0)%
Temporary staffing / Contracting	**196,770**	(12,040)	(5.8)%			
Placement / Recruiting	**6,480**	(1,196)	(15.6)%			
Outplacement	**5,640**	(218)	(3.7)%	**990**	(387)	(28.2)%
Outsourcing	**14,990**	1,257	9.2%	**2,110**	226	12.0%
Other	**3,090**	974	46.0%	**70**	96	–
Eliminations and Corporate	**(2,240)**	(991)	–	**(3,780)**	(1,933)	–
Total	**224,730**	(12,215)	(5.2)%	**3,790**	(2,654)	(41.2)%

【5】Planned Cash Dividends for the Fiscal Year Ending May 31, 2009

(June 1, 2008 to May 31, 2009)

	FY2008	FY2009 (Estimate)		
		Interim	**Year-End**	**Full-Year**
Dividends per share	¥2,500	**¥600**	**¥650**	**¥1,250**
Total Amount of Cash Dividend	¥1,042 million	**¥215 million**	–	

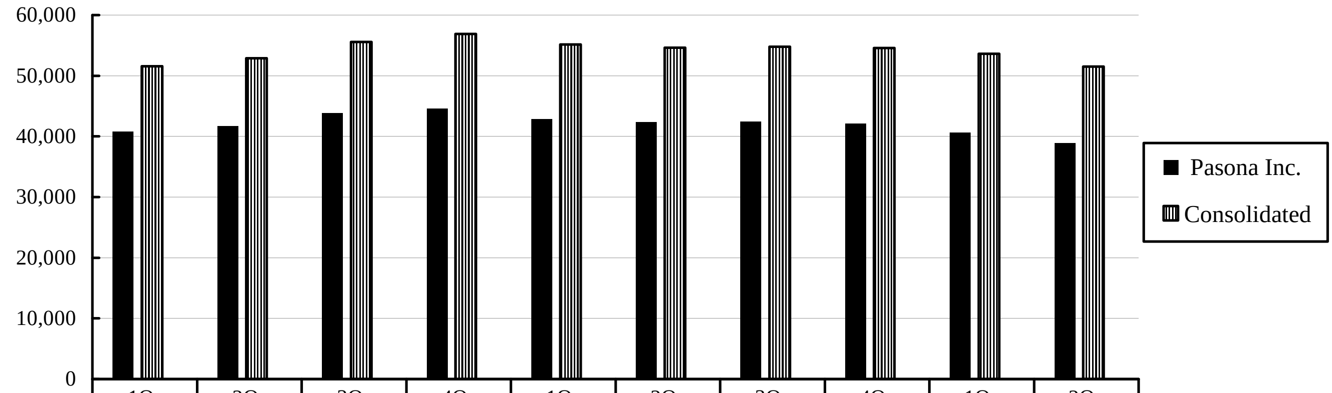
Note: The payment of the interim cash dividend will be made from the Company' capital surplus.

Reference Data

◆ Monthly average of long-term temporary staff

(Average per quarter of long-term temporary staff with a contract over one month)

- Figures include Socio Inc., which was absorbed by Pasona Inc. during the fourth quarter of the fiscal year ended May 31, 2006
- Data include figures that were considered immaterial due to the impact of special projects from the first quarter of the fiscal year ended May 31, 2008.



	FY2007 1Q	FY2007 2Q	FY2007 3Q	FY2007 4Q	FY2008 1Q	FY2008 2Q	FY2008 3Q	FY2008 4Q	FY2009 1Q	FY2009 2Q
Pasona Inc.	40,745	41,676	43,832	44,619	42,825	42,350	42,387	42,073	40,607	38,923
YoY	12.2%	12.3%	14.0%	11.3%	5.1%	1.6%	-3.3%	-5.7%	-5.2%	-8.1%
Consolidated	51,586	52,889	55,566	56,881	55,168	54,619	54,758	54,573	53,615	51,518
YoY	13.4%	13.1%	14.9%	12.8%	6.9%	3.3%	-1.5%	-4.1%	-2.8%	-5.5%

◆ Temporary staffing / Contracting - Consolidated sales by staffing type (Excludes intrasegment sales)

(Millions of yen rounded down)

	FY2008 First Half	FY2009 First Half				
		Net Sales	Share	Increase / (Decrease)	Increase / (Decrease)	YoY
Clerical (General office work)	57,507	**54,206**	53.4%	(1.1)%pt	(3,300)	(5.7)%
Technical (Specialized office work)	17,008	**16,962**	16.7%	+0.6%pt	(45)	(0.3)%
IT engineering	11,057	**11,544**	11.4%	+0.9%pt	487	+4.4%
Sales / Marketing	9,424	**8,322**	8.2%	(0.7)%pt	(1,101)	(11.7)%
Other	10,462	**10,363**	10.2%	+0.3%pt	(98)	(0.9)%
Temporary staffing related	108	**96**	0.1%	+0.0%pt	(12)	(11.3)%
Total	105,567	**101,497**	100.0%	−	(4,070)	(3.9)%

◆ Quarterly Earnings Trends

(Millions of yen rounded down)

	FY2008				**FY2009**			
	1Q	2Q	3Q	4Q	**1Q**	**2Q**	3Q	4Q
Net sales	60,489	59,026	58,250	59,178	59,136	**56,950**	−	−
YoY	+7.2%	+4.0%	+1.3%	(2.2)%	(2.2)%	**(3.5)%**	−	−
Cost of sales	48,373	46,795	45,579	46,825	47,373	**45,514**	−	−
YoY	+7.2%	+3.8%	(0.0)%	(3.1)%	(2.1)%	**(2.7)%**	−	−
Gross profit	12,115	12,230	12,671	12,352	11,762	**11,435**	−	−
YoY	+7.1%	+4.9%	+6.5%	+1.4%	(2.9)%	**(6.5)%**	−	−
Selling, general and administrative expenses	10,585	10,688	10,655	10,995	10,902	**10,696**	−	−
YoY	+17.2%	+11.1%	+11.4%	+6.5%	+3.0%	**+0.1%**	−	−
Operating income	1,529	1,541	2,015	1,356	860	**738**	−	−
YoY	(32.8)%	(24.3)%	(13.5)%	(27.1)%	(43.8)%	**(52.1)%**	−	−
Ordinary income	1,584	1,560	1,994	1,497	909	**894**	−	−
YoY	(33.4)%	(22.5)%	(15.8)%	(26.9)%	(42.6)%	**(42.7)%**	−	−
Income before income taxes	1,558	1,478	3,015	948	990	**610**	−	−
YoY	(33.7)%	(23.1)%	+28.9%	(55.0)%	(36.4)%	**(58.7)%**	−	−
Net income	795	268	1,286	612	313	**(110)**	−	−
YoY	(29.4)%	(71.7)%	+22.5%	(43.0)%	(60.6)%	−	−	−