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For Immediate Release

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Notice Concerning the Company's Decision to Record Extraordinary Losses, Reverse a Portion of Its Deferred Tax Assets and Revise Business Results and Period-End Cash Dividend Forecasts for the Full Fiscal Year Ending May 31, 2009

Pasona Group Inc. (hereafter referred to as "Pasona Group" or "the Company") today announced details of its decision to record extraordinary losses and to reverse a portion of its deferred tax assets as of February 28, 2009, the end of the third quarter of the fiscal year ending May 31, 2009. Taking into account recent trends in its business performance, Pasona Group also announced details of its decision to revise the Company's business results and period-end cash dividend forecasts for the full fiscal year ending May 31, 2009 previously disclosed on January 9, 2009. Brief details are as follows.

1. Decision to Record Extraordinary Losses

Impacted by sharp fluctuations in its business environment since the previous year, Pasona Group recognized that it would encounter difficulties in the early collection of proceeds from the sale in March 2008 of overseas subsidiary company shares. As a result, the Company has recorded an extraordinary loss of ¥364 million for the nine-month period ended February 28, 2009 representing provision of an allowance for investment loss.

In order to enhance operating efficiency and to reduce costs, Pasona Group has also taken steps to consolidate certain offices. Having determined the costs related to the aforementioned office relocation as of February 28, 2009, the end of the third quarter of the fiscal year ending May 31, 2009, the Company recorded an additional extraordinary loss of ¥108 million.

2. Decision to Reverse a Portion of Its Deferred Tax Assets

Having adopted a cautious approach with regard to collectability, Pasona Group decided to reverse a portion of its deferred tax assets as of the end of the third quarter of the fiscal year under review. On the basis of this conservative stance, the Company has recorded ¥297 million as a tax expense namely income taxes – deferred.

3. Revisions to Business Results Forecasts

(1) Revisions to Consolidated Business Results for the Full Fiscal Year Ending May 31, 2009
(June 1, 2008 to May 31, 2009)

(Millions of yen unless otherwise stated)

	Net Sales	Operating Income	Ordinary Income	Net Income	Net Income per Share (Yen)
Previous Forecast (A)	224,730	3,790	4,220	1,040	2,775.57
Revised Forecast (B)	218,540	2,590	3,000	190	507.08
Net Change (B – A)	(6,190)	(1,200)	(1,220)	(850)	—
Net Change (%)	(2.8)	(31.7)	(28.9)	(81.7)	—
(Reference) FY Ended May 31, 2008	236,945	6,444	6,637	2,962	7,109.95

(2) Rationale

In the Temporary staffing and Contracting business segment, Pasona Group anticipates additional weight will be placed on outsourcing services and is factoring in an increase in special demand from the fourth quarter of the fiscal year under review through to the fiscal year ending May 31, 2010. In the first instance, the Company has received orders from every region from March 2009 to assist in administrative work relating to the payment of the national government's supplementary income initiative.

With the aim of increasing operating efficiency, the trend toward outsourcing with the corporate sector is also accelerating with demand in the Insourcing (contracting) business segment steadily gathering momentum.

Impacted by sudden and rapid corrections in future employment conditions by the corporate sector, Pasona Group is moving ahead of the economic climate, anticipating a recovery in new demand in the Temporary staffing and Contracting business. In the short term, there are in fact signs emerging that the drop in new orders has bottomed out.

Despite the aforementioned positive factors, Pasona Group recognizes the need to adopt a cautious approach with regard to future personnel demand due mainly to the current extraordinary economic environment. On this basis, the Company has decided to revise its net sales forecasts for the fiscal year ending May 31, 2009 as identified.

On the earnings front, demand in the Placement and Recruiting business segment, which traditionally enjoys a high gross profit margin, is expected to fall further. At the same time, the greater than expected take up of paid leave by temporary staff due to the suspension of operations by certain client firms and other factors is placing downward pressures on Temporary staffing and Contracting business segment profits. Given that these trends are forecast to continue for the foreseeable future, a further decline in gross profit margins is anticipated.

While Pasona Group is committed to ramping up efforts to curtail overall selling, general and administrative expenses including personnel, advertising and promotion as well as recruitment costs, the Company has been forced to revise downward its previous forecasts for full fiscal year operating and ordinary income.

For the nine-month period under review, net income is expected to fall below the previously disclosed forecast. In addition to the drop in earnings outlined above, this is also attributable to Pasona Group's decision to record extraordinary losses and reverse a portion of its deferred tax assets for the third quarter of the fiscal year ending May 31, 2009.

Looking ahead, as the Company moves toward a period of demand recovery in its Temporary staffing and Contracting business segment, Pasona Group will work diligently to improve its customers' solution-oriented marketing capabilities both to the private and public sectors including regional and other agencies and to build a robust structure and system that encompasses efforts to reinforce staff support, follow-up and other services.

In order to secure a stable earnings base, Pasona Group will at the same time further accelerate the promotion of Group strategies including Group business reorganization and the consolidation of its operating infrastructure encompassing offices and other bases. While these initiatives are not expected to yield tangible performance contributions until the next fiscal year and beyond, Pasona Group is confident that their steady implementation will provide the driving force for medium- to long-term growth.

4. Revision to Period-End Cash Dividend Forecasts

(1) Revision to the Year-End Cash Dividend for the Full Fiscal Year Ending May 31, 2009

(Yen)

	Cash Dividends per Share		
	Interim	Year-End	Annual
Previous Forecast (Announced on January 9, 2009)	600	650	1,250
Revised Forecast	—	Yet to be determined	Yet to be determined
Actual Cash Dividend for the Fiscal Year Ending May 31, 2009	600	—	—
Actual Cash Dividends for the Fiscal Year Ended May 31, 2008	1,200	1,300	2,500

(2) Rationale

Implementing the return of profits to shareholders based on the Company's business results is a fundamental policy of Pasona Group. As a part of this policy, the Company targets a consolidated cash dividend payout ratio of 25% while at the same time making every effort to ensure the continuous and stable payment of cash dividends. Based on the aforementioned downward revisions of Pasona Group's full fiscal year business results, however, the Company is yet to determine its year-end and annual cash dividend forecasts for the fiscal year ending May 31, 2009 as of the date of this press release. Pasona Group will announce its year-end cash dividend forecast in due course taking into consideration its actual business results for the fiscal year under review and forecasts of business results for the fiscal year ending May 31, 2010.

Disclaimer: The aforementioned forecasts are based on information available to management as of the date of this press release. As a result, information included in this document involves risks and uncertainties that may cause actual results to differ materially from forecasts due to a variety of factors.