

CONSOLIDATED FINANCIAL REPORT (Japanese GAAP)

FY2011 (June 1, 2011 to May 31, 2012)

Listing stock exchange: The First Section of the Tokyo Stock Exchange
 Securities code number: 2168
 URL: <http://www.pasonagroup.co.jp>
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 Date of the Annual General Meeting of shareholders: August 21, 2012
 Scheduled payment date of cash dividends: August 22, 2012
 Scheduled filing date of the securities report: August 22, 2012
 Supplemental materials prepared for financial results: Yes
 Holding of financial results meeting: Yes (for analysts and institutional investors)

(All amounts are in millions of yen rounded down unless otherwise stated)

1. CONSOLIDATED BUSINESS RESULTS

(1) Consolidated Financial Results

Percentage figures represent year-on-year increase / (decrease).

	Net Sales		Operating Income		Ordinary Income		Net Income	
	Yen	%	Yen	%	Yen	%	Yen	%
FY2011	181,498	1.5	1,964	(19.2)	2,091	(18.7)	29	(92.9)
FY2010	178,806	(2.6)	2,432	(33.5)	2,571	(36.4)	412	101.4

(Note) Comprehensive income FY2011: ¥679 million(-43.3 %) FY2010: ¥1,198 million (5.6 %)

	Net Income per Share	Diluted Net Income per Share	Return on Equity	Ordinary Income to Total Assets	Operating Income to Net Sales
	Yen	Yen	%	%	%
FY2011	78.78	76.61	0.1	3.2	1.1
FY2010	1,101.88	1,098.68	2.0	4.6	1.4

(Reference) Equity in earnings of unconsolidated subsidiaries and affiliates FY2011: ¥40 million
FY2010: ¥36 million

(2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio (%)	Net Assets per Share (Yen)
May 31, 2012	70,889	26,295	29.0	54,853.94
May 31, 2011	60,564	25,642	34.7	56,086.32

(Reference) Equity as of May 31, 2012: ¥20,542 million As of May 31, 2011: ¥21,004 million

(3) Consolidated Cash Flows

	Operating Activities	Investing Activities	Financing Activities	Cash and Cash Equivalents, End of Period
FY2011	3,431	(5,718)	2,479	22,739
FY2010	6,419	166	3,695	22,563

2. DIVIDENDS

(Record Date)	Dividends per Share (Yen)					Total Dividend Payment (Annual)	Dividend Payout Ratio (Consolidated)	Ratio of Dividends to Net Assets (Consolidated)
	End of First Quarter	End of Second Quarter	End of Third Quarter	Fiscal Year-End	Annual			
FY2010	—	0.00	—	1,000.00	1,000.00	374	90.8%	1.8%
FY2011	—	0.00	—	1,000.00	1,000.00	374	1,269.4%	1.8%
FY2012(Forecast)	—	0.00	—	1,000.00	1,000.00		107.0%	

3. FORECAST OF RESULTS FOR THE FISCAL YEAR ENDING MAY 31, 2013

FY2011 (June 1, 2012 to May 31, 2013)

Percentage figures are the increase / (decrease) for the corresponding period of the previous fiscal year.

	Net Sales		Operating Income		Ordinary Income		Net Income(Loss)		Net Income(Loss) per Shares
		%		%		%		%	Yen
FY2012 First Half	103,000	13.3	800	10.4	750	0.7	(300)	—	(801.06)
FY2012 Full Fiscal Year	212,000	16.8	3,000	52.7	2,900	38.7	350	1,086.4	934.57

4. OTHERS

- (1) Changes in Important Subsidiaries during the Period (Changes in Special Subsidiaries due to Changes in the Scope of Consolidation and Application of the Equity Method) : None
- (2) Changes of accounting principles, changes in accounting estimates and retrospective restatement
 - 1) Changes of accounting principles in line with revisions to accounting and other standards: None
 - 2) Changes of accounting principles other than 1) above: None
 - 3) Changes in accounting estimates: None
 - 4) Retrospective restatement: None
- (3) Number of Shares Issued and Outstanding (Common Shares)
 - i. The number of shares issued and outstanding as of the period-end (including treasury stock)
May 31, 2012: 416,903 shares May 31, 2011: 416,903 shares
 - ii. The number of treasury stock as of the period-end
May 31, 2012: 42,401 shares May 31, 2011: 42,401 shares
 - iii. Average number of shares for the period
FY2011: 374,502 shares FY2010: 374,502 shares

(Reference) Summary of Non-Consolidated Business Results

1. NON-CONSOLIDATED BUSINESS RESULTS

(1) Non-Consolidated Financial Results For the fiscal year ended May 31, 2012

Percentage figures represent year-on-year increase / (decrease)

	Net Sales		Operating Income		Ordinary Income(Loss)		Net Income	
		%		%		%		%
FY2011	5,414	43.5	112	271.4	72	—	239	(46.0)
FY2010	3,772	(30.9)	30	(98.5)	(114)	—	443	(61.7)

	Net Income per Share	Diluted Net Income per Share
	Yen	Yen
FY2011	639.29	—
FY2010	1,184.40	—

(2) Non-Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio (%)	Net Assets per Share (Yen)
May 31, 2012	39,912	15,238	38.2	40,690.00
May 31, 2011	35,221	15,488	44.0	41,357.11

(Reference) Equity as of May 31, 2012: ¥15,238 million As of May 31, 2011: ¥15,488 million

2. FORECAST OF NON-CONSOLIDATED RESULTS FOR THE FISCAL YEAR ENDING MAY 31, 2013

A forecast of non-consolidated results for the fiscal year ending May 31, 2013 is not considered by the Company to be of sufficient importance to warrant disclosure. As a result, this information has been omitted.

Information regarding the implementation of audit procedures

As of the date of disclosure of this report, the audit procedures of the financial statements is being carried out in accordance with the Financial Instruments and Exchange Act.

Cautionary statement and other explanatory notes

The aforementioned forecasts are based on assumptions and beliefs in light of information available to management at the time of document preparation and accordingly include certain unconfirmed factors. As a result, readers are advised that actual results may differ materially from forecasts due to a variety of factors.

Pasona Group Inc. intends to hold a financial results meeting in Tokyo on July 17, 2012 for the benefit of analysts and institutional investors. Presentation materials will be posted on our website after the meeting in a timely manner.

FY2011 Consolidated Financial Report

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FY2011 Consolidated Financial Report

(June 1, 2011 - May 31, 2012)

1. Information Concerning Consolidated Business Results

(1) Consolidated Business Results

(Millions of yen)

	FY2010	FY2011	YoY
Net sales	178,806	181,498	1.5%
Operating income	2,432	1,964	(19.2)%
Ordinary income	2,571	2,091	(18.7)%
Net income	412	29	(92.9)%

Segment Information (Figures include intersegment sales)

Consolidated Net Sales by Segment

(Millions of yen)

	FY2010	FY2011	YoY
HR Solutions	177,604	180,581	1.7%
Expert Services (Temporary staffing), Insourcing (Contracting), Others	153,106	156,028	1.9%
Expert Services (Temporary staffing) Insourcing (Contracting) HR Consulting	149,240	151,008	1.2%
Place & Search (Placement / Recruiting)	1,833	2,692	46.8%
Global Sourcing (Overseas)	2,031	2,327	14.6%
Outplacement	9,807	9,594	(2.2)%
Outsourcing	14,690	14,959	1.8%
Life Solutions Public Solutions Shared	3,564	3,732	4.7%
Eliminations and Corporate	(2,362)	(2,816)	-
Total	178,806	181,498	1.5%

Consolidated Operating Income by Segment

(Millions of yen)

	FY2010	FY2011	YoY
HR Solutions	5,218	5,525	5.9%
Expert Services (Temporary staffing), Insourcing (Contracting), Others	1,980	2,211	11.7%
Expert Services (Temporary staffing) Insourcing (Contracting) HR Consulting	1,980	2,211	11.7%
Place & Search (Placement / Recruiting)			
Global Sourcing (Overseas)			
Outplacement	1,011	834	(17.4)%
Outsourcing	2,227	2,479	11.3%
Life Solutions Public Solutions Shared	134	42	(68.2)%
Eliminations and Corporate	(2,920)	(3,603)	-
Total	2,432	1,964	(19.2)%

(2) Outlook for the Fiscal Year Ending May 31, 2013**Consolidated Business Results Forecast**

(Millions of yen)

	FY2011	FY2012 Forecast	YoY
Net sales	181,498	212,000	16.8%
Operating income	1,964	3,000	52.7%
Ordinary income	2,091	2,900	38.7%
Net income	29	350	1,086.4%

Segment Information (Figures include intersegment sales)**Forecasts of Sales by Segment**

(Millions of yen)

	FY2011	FY2012 Forecast	YoY
<i>HR Solutions</i>	180,581	211,000	16.8%
Expert Services (Temporary staffing), Insourcing (Contracting), Others	156,028	182,900	17.2%
Expert Services (Temporary staffing) Insourcing (Contracting) HR Consulting	151,008	177,250	17.4%
Place & Search (Placement / Recruiting)	2,692	3,000	11.4%
Global Sourcing (Overseas)	2,327	2,650	13.8%
Outplacement	9,594	10,190	6.2%
Outsourcing	14,959	17,910	19.7%
<i>Life Solutions Public Solutions Shared</i>	3,732	3,920	5.0%
Eliminations and Corporate	(2,816)	(2,920)	—
Total	181,498	212,000	16.8%

Forecasts of Operating Income (Loss) by Segment

(Millions of yen)

	FY2011	FY2012 Forecast	YoY
<i>HR Solutions</i>	5,525	7,000	26.7%
Expert Services (Temporary staffing), Insourcing (Contracting), Others	2,211	3,130	41.5%
Expert Services (Temporary staffing), Insourcing (Contracting), HR Consulting	2,211	3,130	41.5%
Place & Search (Placement / Recruiting)			
Global Sourcing (Overseas)			
Outplacement	834	1,070	28.2%
Outsourcing	2,479	2,800	12.9%
<i>Life Solutions, Public Solutions, Shared</i>	42	0	—
Eliminations and Corporate	(3,603)	(4,000)	—
Total	1,964	3,000	52.7%

(3) Qualitative Information and Other Matters Concerning Consolidated Financial Position

Status of Assets, Liabilities and Net Assets

(1) Assets

Total assets as of May 31, 2012 stood at ¥70,889 million, a rise of ¥10,325 million, or 17.0%, compared with the end of the previous fiscal year. This was primarily attributable to the consolidation of CAPLAN Corporation, Yaskawa Business Staff Corporation and Bewith, Inc. as of May 31, 2012. The principal increases in total assets were accounts receivable - trade of ¥4,023 million (as for the above 3 companies, ¥3,029 million), intangible assets of ¥4,382 (as for the above 3 companies, ¥4,682 million) as well as lease and guarantee deposits of ¥651 million (as for the above 3 companies, ¥527 million).

(2) Liabilities

Total liabilities as of May 31, 2012 increased ¥9,671 million, or 27.7%, compared with May 31, 2011 totaling ¥44,593 million. The principal increases in total liabilities were short-term loans payable of ¥1,029 million, accounts payable-other of ¥1,626 million (as for the above 3 companies, ¥769 million), accrued expenses of ¥1,833 million (as for the above 3 companies, ¥1,411 million) and long-term loans payable of ¥2,993 million.

(3) Net Assets

Net assets as of May 31, 2012 stood at ¥26,295 million, an increase of ¥653 million, or 2.5%, compared with the end of the previous fiscal year. The principal increases in net assets were net income of ¥29 million and an increase of ¥1,114 million in the minority interests (as for the above 3 companies, ¥628 million). These were partly offset by the payment of cash dividends totaling ¥374 million.

Accounting for the aforementioned, the equity ratio as of May 31, 2012 declined 5.7 percentage points to 29.0% compared with the end of the previous fiscal year.

Status of Cash Flows

Cash and cash equivalents (hereafter “net cash”) as of May 31, 2012 increased ¥175 million compared with the end of the previous fiscal year to ¥22,739 million.

(1) Cash Flows from Operating Activities

Net cash provided by operating activities for the fiscal year ended May 31, 2012 amounted to ¥3,431 million (for the previous fiscal year, ¥6,419 million). Major cash inflows included income before income taxes totaling ¥2,218 million (for the previous fiscal year, ¥2,496 million), an increase in operating debt amounted to ¥532 million (for the previous fiscal year, ¥2,963 million) as well as depreciation and amortization totaling ¥2,149 million (for the previous fiscal year, ¥2,161 million). The principal cash outflow was income taxes paid amounting to ¥1,748 million (for the previous fiscal year, ¥1,030 million).

(2) Cash Flows from Investing Activities

Net cash used in investing activities for the period under review was ¥5,718 million (net cash provided by investing activities for the previous fiscal year was ¥166 million). Major cash inflows included proceeds from sales of investment securities totaling ¥297 million (for the previous fiscal year, ¥1,395 million) and proceeds from collection of lease and guarantee deposits totaling ¥355 million (for the previous fiscal year, ¥349 million). Principal cash outflows were purchase of investments in subsidiaries resulting in change in scope of consolidation totaling ¥4,424 million, purchase of property, plant and equipment totaling ¥747 million (for the previous fiscal year, ¥318 million), purchase of intangible assets totaling ¥689 million (for the previous fiscal year, ¥612 million) as well as payments for transfer of business totaling ¥410 million (for the previous fiscal year, ¥21 million).

(3) Cash Flows from Financing Activities

Net cash provided by financing activities was ¥2,479 million (for the previous fiscal year, ¥3,695 million). Major cash inflows included proceeds from long-term loans payable totaling ¥5,600 million (for the previous fiscal year, ¥5,958 million). Principal cash outflows were repayment of long-term loans payable amounting to ¥2,050 million (for the previous fiscal year, ¥1,374 million), cash dividends paid totaling ¥660 million (for the previous fiscal year, ¥464 million) and repayments of finance lease obligations totaling ¥759 million (for the previous fiscal year, ¥348 million).

(Reference) Cash Flow Benchmarks

	FY2007	FY2008	FY2009	FY2010	FY2011
Equity ratio	41.6%	35.4%	39.6%	34.7%	29.0%
Equity ratio based on market capitalization	59.0%	33.9%	42.1%	44.8%	29.1%
Ratio of interest-bearing debt to cash flows (years)	0.0	1.5	1.9	1.5	3.9
Interest coverage ratio	176.6	132.1	27.5	36.0	23.7

Notes:

1. Equity ratio: Shareholders' equity / total assets
Equity ratio based on market capitalization: Market capitalization / total assets
Ratio of interest-bearing debt to cash flows: Interest-bearing debt / cash flows
Interest coverage ratio: Cash flows / interest payments
2. Each benchmark is calculated based on the consolidated financial statements.
3. Market capitalization is calculated by multiplying the period-end closing share price with the number of outstanding shares at the period-end (after deducting treasury stock).
4. Cash flows from operating activities are used in calculations that use cash flows.
5. Interest-bearing debt includes all interest-bearing debt under liabilities recorded on the consolidated balance sheets.

(4) Policy on the Appropriation of Profits, Dividends for the Fiscal Year Ended May 31, 2012 and the Fiscal Year Ending May 31, 2013

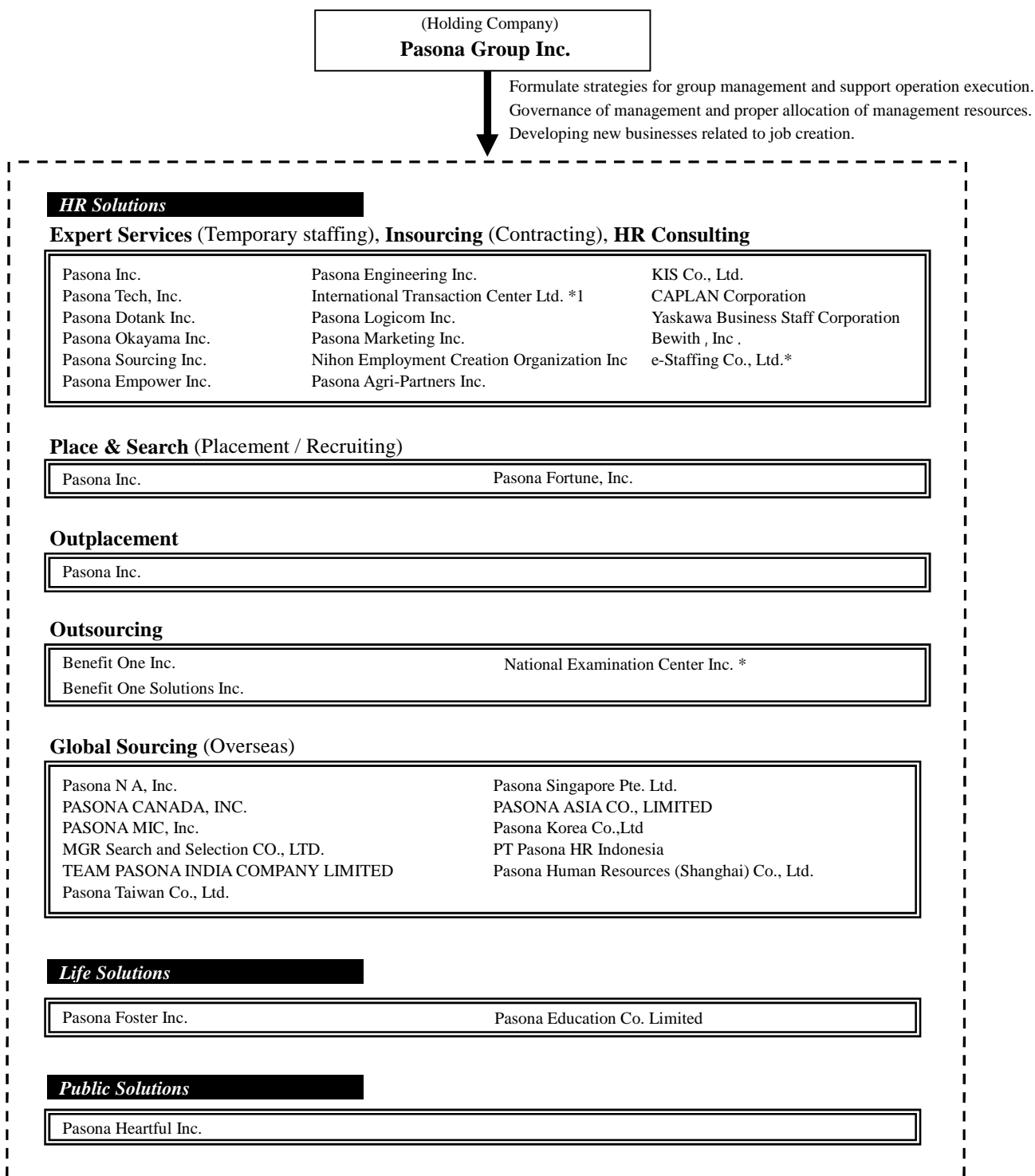
In connection with the appropriation of profits, the Company takes into consideration the funds required to engage in new businesses and capital investments aimed at fulfilling the Company's responsibilities to continuously develop the growing human resources business market, to strengthen the Company's operating platform and earnings capacity and to expand shareholders' returns by enhancing corporate value. On this basis and for the foreseeable future, the Company has adopted the basic policy to implement a consolidated dividend payout ratio target of 25% in an effort to continuously deliver adequate and stable returns to shareholders taking into consideration its operating performance.

Based on the aforementioned basic policy in connection with the appropriation of profits, the Company has declared an annual dividend for the fiscal year ended May 31, 2012 of ¥1,000 per share following ratification at a Board of Directors' meeting held on July 13, 2012.

Regarding dividends for the fiscal year ending May 31, 2013, the Company does not plan to pay an interim cash dividend in the subject fiscal year because a net loss is forecast for the first half period. The Company does however intend to pay a period-end cash dividend of ¥1,000 per share.

2. Information on Group Companies

The Pasona Group shifted to a pure holding company structure on December 3, 2007. The Pasona Group is comprised of Pasona Group Inc., its 34 consolidated subsidiaries and 2 affiliated companies accounted for by the equity method as of May 31, 2012. Major Group companies according to their principal business activity are listed as follows.



* Equity-method affiliate

All other unmarked companies are consolidated subsidiaries

Notes:

1. International Transaction Center Ltd. is going to change its corporate name to Pasona Language Inc. as of August 1, 2012.
2. For multiple businesses, only the principal business is disclosed.

3. Management Policies

(1) Basic Management Policy of the Company

Since its establishment, the Pasona Group has maintained an unwavering commitment to its corporate philosophy which identifies the Group's mission as providing "Solutions to Society's Problems." The Group has continued to channel its endeavors toward realizing a society in which each and every individual can create their own comfortable lifestyles and freely choose the kind of work they wish to do irrespective of age and gender.

The Pasona Group's job is to bring out the best in each individual and to create rich and prosperous lifestyles for each and every individual. Put simply, the Group's work is to "Life Produce." In order to fulfill this role and responsibility, the Pasona Group will continue to build a new social infrastructure and endeavor to become a company that integral to the needs of society.

(2) Management Target

As a social solutions company, Pasona Group's mission is to produce both comfortable and rich environments for every facet of life. Extending well beyond the boundaries of the temporary staffing business, the Company is consistent in its proactive efforts to nurture new business domains. Engaged in human resources-related endeavors as a matter of course, Pasona Group continues to spread its wings across increasingly broad fields as a company that strongly promotes work-life balance. Working to diversify our overall Group business activities, we will build a balanced business portfolio from a profit perspective.

(3) Medium- to Long-Term Business Strategy and Pending Issues

In order to definitively bring to fruition its mission as a social solutions company, Pasona Group recognizes the need to diversify its service infrastructure and further focus its business development endeavors on new service fields. In taking up the challenge leading into fiscal 2015, the Company has identified the five MESIA+G* fields. By succeeding across each of these fields, Pasona Group is better positioned to ensure the further substantial development of industry and regional revitalization.

* M (Medical), E (Environment, Education), S (Sightseeing, regional revitalization), I (Information Communication Technology), A (Agriculture), G (Global)

M (Medical)
E (Environment, Education)
S (Sightseeing)
I (ICT)
A (Agriculture)
+
G (Global)

4. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	As of May 31, 2011		As of May 31, 2012	
ASSETS				
Current assets				
Cash and deposits		22,628		22,763
Notes and accounts receivable - trade		18,356		22,379
Short-term investment securities		202		203
Inventories	*2	312	*2	391
Deferred tax assets		916		1,045
Income taxes receivable		90		284
Other		1,916		2,411
Allowance for doubtful accounts		(54)		(61)
Total current assets		44,368		49,417
Noncurrent assets				
Property, plant and equipment				
Buildings	*3	5,228	*3	5,771
Accumulated depreciation		(2,333)		(2,599)
Buildings, net		2,894		3,172
Land		1,256		1,321
Lease assets		2,455		2,553
Accumulated depreciation		(419)		(743)
Lease assets, net		2,036		1,810
Other	*3	1,977	*3	2,820
Accumulated depreciation		(1,530)		(2,114)
Other, net		447		705
Total property, plant and equipment		6,634		7,009
Intangible assets				
Goodwill		514		4,292
Software	*3	2,630	*3	2,367
Lease assets		88		67
Customer assets		-		799
Other		86		176
Total intangible assets		3,320		7,702
Investments and other assets				
Investment securities	*1	1,390	*1	1,132
Long-term loans receivable		230		182
Deferred tax assets		368		394
Lease and guarantee deposits		3,919		4,570
Other		686		845
Allowance for doubtful accounts		(13)		(25)
Allowance for investment loss		(341)		(340)
Total investments and other assets		6,240		6,759
Total noncurrent assets		16,195		21,471
Total assets		60,564		70,889

(Millions of yen)

	As of May 31, 2011	As of May 31, 2012
LIABILITIES		
Current liabilities		
Accounts payable - trade	1,585	2,034
Short-term loans payable	2,075	3,105
Current portion of bonds	128	-
Lease obligations	366	356
Accounts payable - other	2,061	3,688
Accrued expenses	10,777	12,611
Income taxes payable	987	941
Accrued consumption taxes	1,319	1,403
Unearned revenue	2,811	2,863
Provision for bonuses	1,479	1,969
Provision for directors' bonuses	7	16
Asset retirement obligations	4	10
Other	1,725	2,948
Total current liabilities	25,329	31,949
Noncurrent liabilities		
Long-term loans payable	5,269	8,262
Lease obligations	2,090	1,489
Provision for retirement benefits	910	1,164
Deferred tax liabilities	170	423
Asset retirement obligations	722	796
Other	429	508
Total noncurrent liabilities	9,592	12,644
Total liabilities	34,922	44,593
NET ASSETS		
Shareholders' equity		
Capital stock	5,000	5,000
Capital surplus	6,054	6,054
Retained earnings	13,425	13,075
Treasury stock	(3,493)	(3,493)
Total shareholders' equity	20,986	20,636
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	135	40
Foreign currency translation adjustment	(117)	(134)
Total accumulated other comprehensive income	17	(93)
Minority interests	4,637	5,752
Total net assets	25,642	26,295
Total liabilities and net assets	60,564	70,889

(2) Consolidated Statements of Income

(Millions of yen)

	FY2010 (For the fiscal year ended May 31, 2011)	FY2011 (For the fiscal year ended May 31, 2012)
Net sales	178,806	181,498
Cost of sales	145,247	147,693
Gross profit	33,558	33,805
Selling, general and administrative expenses	*1 31,125	*1 31,840
Operating income	2,432	1,964
Non-operating income		
Interest income	12	13
Equity in earnings of affiliates	36	40
Subsidy income	228	196
Insurance premiums refunded cancellation	71	4
Other	88	127
Total non-operating income	437	383
Non-operating expenses		
Interest expenses	177	152
Commitment fee	58	44
Other	62	59
Total non-operating expenses	298	256
Ordinary income	2,571	2,091
Extraordinary income		
Gain on sales of investment securities	463	116
Gain on sales of subsidiaries and affiliates' stocks	11	-
Gain on change in equity	3	-
Gain on negative goodwill	43	-
Gain on donation of noncurrent assets	-	58
Other	1	-
Total extraordinary income	523	175
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	*2 37	*2 44
Loss on sales of investment securities	8	-
Loss on valuation of investment securities	0	-
Impairment loss	2	-
Loss on change in equity	-	2
Loss on disaster	63	-
Loss on adjustment for changes of accounting standard for asset retirement obligations	480	-
Other	5	-
Total extraordinary loss	598	47
Income before income taxes	2,496	2,218
Income taxes - current	1,533	1,406
Income taxes - deferred	(148)	24
Income taxes	1,385	1,430
Income before minority interests	1,111	788
Minority interests in income	698	758
Net income	412	29

(3) Consolidated Statements of Comprehensive Income

(Millions of yen)

	FY2010 (For the fiscal year ended May 31, 2011)	FY2011 (For the fiscal year ended May 31, 2012)
Income before minority interests	1,111	788
Other comprehensive income		
Valuation difference on available-for-sale securities	124	(89)
Foreign currency translation adjustment	(38)	(18)
Total other comprehensive income	86	*1 (108)
Comprehensive income	1,198	679
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	502	(82)
Comprehensive income attributable to minority interests	695	761

(4) Consolidated Statements of Changes in Shareholders' Equity

(Millions of yen)

	FY2010 (For the fiscal year ended May 31, 2011)	FY2011 (For the fiscal year ended May 31, 2012)
Shareholders' Equity		
Common Stock		
Balance at the end of previous period	5,000	5,000
Changes of items during the period		
Total changes of items during the period	-	-
Balance at the end of current period	5,000	5,000
Capital surplus		
Balance at the end of previous period	6,054	6,054
Changes of items during the period		
Total changes of items during the period	-	-
Balance at the end of current period	6,054	6,054
Retained earnings		
Balance at the end of previous period	13,200	13,425
Changes of items during the period		
Dividends from surplus	(187)	(374)
Net income	412	29
Change of scope of consolidation	-	(4)
Total changes of items during the period	225	(349)
Balance at the end of current period	13,425	13,075
Treasury stock		
Balance at the end of previous period	(3,493)	(3,493)
Changes of items during the period		
Total changes of items during the period	-	-
Balance at the end of current period	(3,493)	(3,493)
Total shareholders' equity		
Balance at the end of previous period	20,761	20,986
Changes of items during the period		
Dividends from surplus	(187)	(374)
Net income	412	29
Change of scope of consolidation	-	(4)
Total changes of items during the period	225	(349)
Balance at the end of current period	20,986	20,636
Total other comprehensive income		
Valuation difference on available-for-sale securities		
Balance at the end of previous period	8	135
Changes of items during the period		
Net changes of items other than shareholders' equity	127	(94)
Total changes of items during the period	127	(94)
Balance at the end of current period	135	40
Foreign currency translation adjustment		
Balance at the end of previous period	(81)	(117)
Changes of items during the period		
Net changes of items other than shareholders' equity	(36)	(16)
Total changes of items during the period	(36)	(16)
Balance at the end of current period	(117)	(134)

(Millions of yen)

	FY2010 (For the fiscal year ended May 31, 2011)	FY2011 (For the fiscal year ended May 31, 2012)
Total other comprehensive income		
Balance at the end of previous period	(72)	17
Changes of items during the period		
Net changes of items other than shareholders' equity	90	(111)
Total changes of items during the period	90	(111)
Balance at the end of current period	17	(93)
Minority interests		
Balance at the end of previous period	4,290	4,637
Changes of items during the period		
Net changes of items other than shareholders' equity	346	1,114
Total changes of items during the period	346	1,114
Balance at the end of current period	4,637	5,752
Total net assets		
Balance at the end of previous period	24,979	25,642
Changes of items during the period		
Dividends from surplus	(187)	(374)
Net income	412	29
Change of scope of consolidation	-	(4)
Net changes of items other than shareholders' equity	437	1,003
Total changes of items during the period	662	653
Balance at the end of current period	25,642	26,295

(5) Consolidated Statements of Cash Flows

(Millions of yen)

	FY2010 (For the fiscal year ended May 31, 2011)	FY2011 (For the fiscal year ended May 31, 2012)
Net cash provided by (used in) operating activities		
Income before income taxes	2,496	2,218
Depreciation and amortization	2,161	2,149
Loss on adjustment for changes of accounting standard for asset retirement obligations	480	-
Impairment loss	2	-
Amortization of goodwill	309	343
Gain on negative goodwill	(43)	-
Increase (decrease) in allowance for doubtful accounts	(11)	(9)
Increase (decrease) in allowance for investment loss	4	(0)
Increase (decrease) in provision for bonuses	(138)	31
Increase (decrease) in provision for directors' bonuses	2	0
Increase (decrease) in provision for retirement benefits	(157)	(123)
Interest and dividends income	(22)	(28)
Interest expenses	177	152
Subsidy income	(228)	(196)
Equity in (earnings) losses of affiliates	(36)	(40)
Loss (gain) on change in equity	(3)	2
Loss (gain) on sales and retirement of noncurrent assets	37	44
Gain on donation of noncurrent assets	-	(58)
Loss (gain) on sales of investment securities	(454)	(116)
Loss (gain) on valuation of investment securities	0	-
Loss (gain) on sales of stocks of subsidiaries and affiliates	(11)	-
Decrease (increase) in notes and accounts receivable - trade	(423)	(890)
Decrease (increase) in inventories	6	(53)
Decrease (increase) in other assets	442	(151)
Increase (decrease) in operating debt	2,963	532
Increase (decrease) in accrued consumption taxes	439	(125)
Increase (decrease) in other liabilities	(653)	1,418
Other	(7)	(16)
Subtotal	7,332	5,082
Interest and dividends income received	26	34
Interest expenses paid	(178)	(144)
Proceeds from subsidy	269	206
Income taxes paid	(1,030)	(1,748)
Net cash provided by operating activities	6,419	3,431

(Millions of yen)

	FY2010 (For the fiscal year ended May 31, 2011)	FY2011 (For the fiscal year ended May 31, 2012)
Net cash provided by (used in) investment activities		
Decrease (increase) in time deposits	316	42
Purchase of property, plant and equipment	(318)	(747)
Proceeds from sales of property, plant and equipment	13	0
Purchase of intangible assets	(612)	(689)
Purchase of investment securities	(779)	(37)
Proceeds from sales of investment securities	1,395	297
Purchase of investments in subsidiaries resulting in change in scope of consolidation	-	(4,424)
Proceeds from purchase of investments in subsidiaries resulting in change in scope of consolidation	1	543
Purchase of investments in subsidiaries	(43)	(0)
Payments of loans receivable	(52)	(22)
Collection of loans receivable	92	60
Payments for lease and guarantee deposits	(165)	(414)
Proceeds from collection of lease and guarantee deposits	349	355
Payments for transfer of business	(21)	(410)
Other	(6)	(271)
Total net cash provided by (used in) investment activities	166	(5,718)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	(43)	472
Proceeds from long-term loans payable	5,958	5,600
Repayment of long-term loans payable	(1,374)	(2,050)
Repayments of finance lease obligations	(348)	(759)
Redemption of bonds	(36)	(128)
Proceeds from stock issuance to minority shareholders	3	5
Cash dividends paid	(187)	(373)
Cash dividends paid for minority	(277)	(286)
Total net cash provided by financing activities	3,695	2,479
Effect of exchange rate change on cash and cash equivalents	(42)	(12)
Net increase in cash and cash equivalents	10,239	179
Cash and cash equivalents at the beginning of the period	12,324	22,563
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	-	(4)
Cash and cash equivalents at the end of the period	22,563	22,739

(6) Notes to Going Concern Assumption

None

(7) Important Items Considered Fundamental to the Preparation of Consolidated Financial Statements

1. Scope of Consolidation

i) Consolidated subsidiaries: 34 companies

Pasona Inc.
Benefit One Inc.
Pasona Tech, Inc.
CAPLAN Corporation
Bewith, Inc.
Pasona Dotank Inc.
Pasona CIO Inc.
Nihon Employment Creation Organization Inc.
Pasona Agri-Partners Inc.
Pasona Empower Inc.
Pasona Fortune Inc.
Pasona Marketing, Inc.
Yaskawa Business Staff Corporation
Pasona Okayama Inc.
Pasona Foster Inc.
Pasona Sourcing Inc.
Pasona Engineering Inc.
International Transaction Center Ltd.
Pasona Logicom Inc.
Pasona Heartful Inc.
KIS Co., Ltd.
Benefit One Solutions Inc.
TEAM PASONA INDIA COMPANY LIMITED
Pasona NA, Inc.
PT Pasona HR Indonesia
Pasona Taiwan Co., Ltd.
PASONA ASIA CO., LIMITED
Pasona Singapore Pte. Ltd.
Pasona Korea Co., Ltd.
PASONA CANADA, INC.
Pasona Education Co. Limited
Pasona MIC, Inc.
Pasona Human Resources (Shanghai) Co., Ltd.
MGR Search and Selection Co., Ltd.

Notes:

1. Pasona Employment Agency (Thailand) Co., Ltd. is excluded from the scope of consolidation because it is in the process of liquidation and is of minimal importance.
2. Kantou Employment Creation Organization Inc. merged with Pasona Inc. and expired.
3. Pasona Agri-Partners Inc., PT Pasona HR Indonesia and Pasona Korea Co., Ltd. became consolidated subsidiaries during the period under review.
4. e-Professional, Inc. changed its corporate name to Pasona Marketing, Inc.
5. Kansai Employment Creation Organization Inc. changed its corporate name to Nihon Employment Creation Organization Inc.
6. CAPLAN Corporation, Yaskawa Business Staff Corporation, Bewith, Inc. and Benefit One Solutions Inc. became consolidated subsidiaries through the acquisition of stock. As for Benefit One Solutions Inc., the Company's consolidated financial statements reflected the balance sheet as of May 31, 2012 only.

ii) Non-consolidated subsidiary: 7 companies

The assets, sales, net profit and loss (the amount equivalent to equity shareholdings) and retained earnings (the amount equivalent to equity shareholdings) are considered insignificant and deemed to have immaterial impact on the consolidated financial statements. As a result, these non-consolidated subsidiaries have been excluded from the scope of consolidation.

2. Application of the Equity Method

i) Affiliated companies that are accounted for by the equity method: 2 companies

ii) Non-consolidated subsidiaries and affiliated companies not accounted for by the equity method: 7 companies

Non-consolidated subsidiaries and affiliated companies not accounted for by the equity method were excluded from the scope of consolidation as their net profit and loss (the amount equivalent to equity shareholdings) and retained earnings (the amount equivalent to equity shareholdings) had an immaterial impact on the Group, and their overall importance to the Group's performance was limited.

3. Fiscal Year-End Financial Statements of Consolidated Subsidiaries

The fiscal year-end of Pasona Inc. is the same as the consolidated fiscal year-end.

The fiscal year-end of Pasona Human Resources (Shanghai) Co., Ltd. is December 31. The provisional financial statements of Pasona Human Resources (Shanghai) Co., Ltd. as of March 31 are used in the preparation of the consolidated financial statements.

The fiscal year-end of 32 remaining consolidated subsidiaries is March 31. The financial statements of these consolidated subsidiaries as of March 31 are used in the preparation of the consolidated financial statements.

Where significant transactions have occurred during the period between these fiscal year-ends and the consolidated fiscal year-end, the consolidated financial statements are adjusted accordingly.

4. Accounting Policies

i) Valuation standard and valuation method of important assets

a. Securities (other securities)

Securities with quoted market values

Securities with quoted market value are stated at fair value on the closing date.

(Net unrealized gains and losses on other securities are reported, directly to net assets. Costs of these securities are calculated based on the moving-average cost method.)

Securities without quoted market values

Securities without quoted market value are stated on cost basis using the moving-average cost method.

b. Assets and liabilities deriving from derivatives

Stated at fair value.

c. Inventories

Inventories are stated at cost (marking down the book value of balance sheet items in line the decrease in profitability) method

Merchandise: Moving-average cost method

Supplies: Last invoice cost method

ii) Depreciation of important depreciable assets

a. Property, plant and equipment (excluding lease assets)

Buildings (excluding associated equipment and facilities): Straight-line method

Other property, plant and equipment: Mainly the declining balance method

b. Noncurrent assets (excluding lease assets)

Software: Straight-line method over the useful life of the asset estimated by the Company (within 5 years)

Customer assets: Straight-line method (10 years) over the period of occurrence

c. Lease assets

Finance lease transactions that transfer ownership:

The same depreciation and amortization methods used for fixed assets held are applied.

Finance lease transactions that do not transfer ownership:

Lease assets are depreciated with the lease periods as their useful lives and no residual value.

iii) Accounting policies for important deferred assets

a. Stock issuance cost

Expenses relating to the issuance of new shares are charged to income in full when paid.

iv) Accounting policies for important provisions

a. Allowance for doubtful receivables

The Company and its consolidated subsidiaries provide for doubtful receivables based on the historical bad-debt rate as normal loans, and the amount deemed necessary to cover individual accounts estimated to be uncollectible.

b. Provision for bonuses

The Company and its consolidated subsidiaries provide for employee bonus payments at an estimated amount to be paid for the period.

c. Provision for directors' bonuses

The Company and its consolidated subsidiaries provide for directors' bonus payments at an estimated amount to be paid for the period.

d. Provision for retirement benefits

The Company and its consolidated subsidiaries provide an allowance for severance retirement benefits for employees based on the calculated amount of accrued retirement funds and accrued pension assets as of the end of the fiscal period. Actuarial gains and losses are recognized as expenses in the next fiscal year.

In addition, the amount of pension assets exceeded the amount payable for employees' severance and retirement benefits adjusted for unrecognized actuarial differences as of the end of the fiscal year for the Company and certain consolidated subsidiaries. As a result, an amount of ¥40 million representing prepaid pension expenses was included in the "other investments" accounting line item of "investments and other assets."

e. Allowance for investment loss

For marketable securities with no market value, an amount deemed necessary has been recorded to cover potential future losses.

v) Goodwill depreciation method and period

For amortization of goodwill, the Company and its consolidated subsidiaries employ a straight-line method over a period of two to ten years. For immaterial amounts of goodwill, the Company and its consolidated subsidiaries charge these amounts in full to the income statement at the time they occur.

vi) Scope of "Cash and Cash Equivalents" in Full Fiscal Year Consolidated Statement of Cash Flows

"Cash and cash equivalents" in the consolidated statement of cash flows includes cash on hand, readily available deposits, and short-term investments with original maturities not exceeding three months, which are highly liquid and virtually risk-free with respect to change of value.

vii) Other Significant Accounting Policies for preparing Full Fiscal Year Consolidated Financial Statement

a. Significant Methods of Hedge Accounting

* Methods of Hedge Accounting

The Pasona Group adopts the deferral hedge accounting method, in principle. Because interest rate swap contracts meet the requirements for special treatment, the Hedge-exceptional method is applied.

* Hedging instruments and hedged items

Hedging instruments: Interest rate swaps

Hedged items: Loans payable

* Hedging policy

The Pasona Group has policies to utilize derivative instruments for the purposes of hedging their exposure to fluctuations in foreign currency rates and interest rates and reducing financing costs. The Pasona Group do not hold or issue derivative instruments for trading or speculative purposes.

* Evaluation of hedge effectiveness

Evaluation of hedge effectiveness is based on the fluctuation amounts of two items through comparison of the cumulative total fluctuations of cash flows of hedged items and market fluctuations and the cumulative total fluctuations cash flows of hedge instruments and market fluctuations every six months. However, evaluation of hedge effectiveness is not conducted for interest rate swaps that meet the requirements for special treatment.

b. Consumption taxes

Consumption taxes are separately recorded.

(8) Changes in Important Items Considered Fundamental to the Preparation of Consolidated Financial Statements

(Changes in Presentation Methods)

Consolidated Balance Sheet

Deferred tax liabilities in the noncurrent liabilities accounting line item "other" for the fiscal year ended May 31, 2011 has been recorded as a separate and independent accounting line item in the fiscal year ended May 31, 2012 due to their increases significance. As a result, "other" totaling ¥600 million in the noncurrent liabilities accounting line for the fiscal year ended May 31, 2011 was reclassified to deferred tax liabilities totaling ¥170 million and "other" totaling ¥429 million.

Consolidated Statement of Cash Flows

Payments for transfer of business in the net cash provided by (used in) investment activities accounting line item "other" for the fiscal year ended May 31, 2011 has been recorded as a separate and independent accounting line item in the fiscal year ended May 31, 2012 due to their increases significance. As a result, "other" totaling ¥(28) million in the net cash provided by (used in) investment activities accounting line for the fiscal year ended May 31, 2011 was reclassified to payments for transfer of business totaling ¥(21) million and "other" totaling ¥(6) million.

(Additional information)

(Application of Accounting Changes and Error Corrections)

In terms of accounting changes and correction of errors contained in past reports after the beginning of this consolidated fiscal year, "Accounting Changes and Error Corrections"(ASBJ Statement No. 24 issued on December 4, 2009) and "Guidance on Accounting Changes and Error Corrections"(ASBJ Guidance No. 24 issued on December 4, 2009) have been applied.

(9) Notes to Consolidated Financial Statement

Notes to Consolidated Balance Sheets

*1 Shares in non-consolidated subsidiaries and affiliated companies

(Millions of yen)

	As of May 31, 2011	As of May 31, 2012
Investment securities (stocks)	478	539

*2 Breakdown of Inventories

(Millions of yen)

	As of May 31, 2011	As of May 31, 2012
Merchandise	222	277
Supplies	88	85
Work in process	1	26
Finished goods	-	0

*3 Amount of noncurrent assets advanced depreciation in connection with the acceptance of government and other subsidies

	(Millions of yen)	
	As of May 31, 2011	As of May 31, 2012
Advanced depreciation amount	57	96
Buildings	0	8
Tangible assets	55	87
Software	0	0

Notes to Consolidated Statements of Income

*1 Breakdown of major selling, general and administrative expenses

	(Millions of yen)	
	FY2010	FY2011
Employees' salaries and bonuses	13,580	13,986
Provision for bonuses	1,063	1,074
Provision for directors' bonuses	7	6
Welfare expenses	2,589	2,638
Retirement benefit expenses	314	263
Offering expenses	615	697
Rent expenses	3,562	3,765
Depreciation	1,667	1,616
Provision of allowance for doubtful accounts	-	2
Amortization of goodwill	309	343

*2 Breakdown of loss on sales and disposal of fixed assets

	(Millions of yen)	
	FY2010	FY2011
Loss on retirement	37	44
Buildings	23	31
Other tangible assets	3	10
Software	10	2
Lease assets (Intangible)	-	0
Loss on sales	0	0
Other tangible assets	0	0

Notes to Consolidated Statements of Comprehensive Income

FY2011 (For the fiscal year ended May 31, 2012)

*1 Reclassification adjustments and income tax relating to components of other comprehensive income

	(Millions of yen)
Net unrealized gain (loss) on available-for-sale securities	
Gains (losses) arising during the fiscal year	(27)
Reclassification adjustments for amounts recognized in profit or loss	(130)
Sub-total	(158)
Tax effect	68
Net unrealized gain (loss) on available-for-sale securities	(89)
Foreign currency translation adjustment	
Exchange differences arising during the fiscal year	(18)
Sub-total	(18)
Foreign currency translation adjustment	(18)
Total amount of other comprehensive income	(108)

Notes to Consolidated Statements of Changes in Shareholders' Equity

FY2010 (For the fiscal year ended May 31, 2011)

1. Matters Relating to Shares Issued and Outstanding

(Shares)

Type of Shares	Number of Shares As of May 31, 2010	Increase	Decrease	Number of Shares As of May 31, 2011
Common shares	416,903	-	-	416,903

2. Matters Relating to Treasury Stock

(Shares)

Type of Shares	Number of Shares As of May 31, 2010	Increase	Decrease	Number of Shares As of May 31, 2011
Common shares	42,401	-	-	42,401

3. Matters Related to the New Subscription Rights

None.

4. Matters Relating to Dividends

(1) Cash dividend payment amount

Resolution	Type of Shares	Total Cash Dividends Paid	Cash Dividend per Common Share	Base Date	Effective Date
Board of Directors' meeting held on July 20, 2010	Common shares	¥187 million	¥500	May 31, 2010	August 23, 2010

(2) Dividends for which the effective date falls after the fiscal year ending May 31, 2012 included in dividends for the fiscal year ended May 31, 2011

Resolution	Type of Shares	Source of Dividend Payment	Total Cash Dividends Paid	Cash Dividend per Common Share	Base Date	Effective Date
Board of Directors' meeting held on July 20, 2011	Common shares	Retained earnings	¥374 million	¥1,000	May 31, 2011	August 19, 2011

FY2011 (For the fiscal year ended May 31, 2012)

1. Matters Relating to Shares Issued and Outstanding

(Shares)

Type of Shares	Number of Shares As of May 31, 2011	Increase	Decrease	Number of Shares As of May 31, 2012
Common shares	416,903	-	-	416,903

2. Matters Relating to Treasury Stock

(Shares)

Type of Shares	Number of Shares As of May 31, 2011	Increase	Decrease	Number of Shares As of May 31, 2012
Common shares	42,401	-	-	42,401

3. Matters Related to the New Subscription Rights

None.

4. Matters Relating to Dividends

(1) Cash dividend payment amount

Resolution	Type of Shares	Total Cash Dividends Paid	Cash Dividend per Common Share	Base Date	Effective Date
Board of Directors' meeting held on July 20, 2011	Common shares	¥374 million	¥1,000	May 31, 2011	August 19, 2011

(2) Dividends for which the effective date falls after the fiscal year ending May 31, 2013 included in dividends for the fiscal year ended May 31, 2012

Resolution	Type of Shares	Source of Dividend Payment	Total Cash Dividends Paid	Cash Dividend per Common Share	Base Date	Effective Date
Board of Directors' meeting held on July 13, 2012	Common shares	Retained earnings	¥374 million	¥1,000	May 31, 2012	August 22, 2012

Segment Information

1. Overview of reportable segments

The business segments reported by Pasona Group are the business units for which the Company is able to obtain respective financial information separately in order for the Board of Directors to conduct periodic investigations to determine the distribution of management resources and evaluate their business results. The Pasona Group's principal business activities are human resource-related support services as typified by temporary staffing, contracting, placement and recruiting, outplacement as well as employee fringe benefit outsourcing services. Accordingly, the Company has designated "Expert Services (Temporary staffing), Insourcing (Contracting), Others", "Outplacement" and "Outsourcing" as its reporting segments. Pasona Group, a holding company, pursues the formulation of strategies for Group management and support operation execution, governance of management and the proper allocation of management resources, as well as developing new businesses related to job creation.

2. Method of computing net sales, income (loss), assets, liabilities and other items by reporting segment

The accounting treatment method for the Group's reporting segments is generally the same as described in "Important Items Considered Fundamental to the Preparation of Consolidated Financial Statements." Also, segment income is based on operating income. The prices of intersegment transactions and transfers are determined by price negotiations based on the Company's submission of preferred prices after taking market conditions into account.

3. Information regarding net sales, income (loss), assets, liabilities and other items by reporting segment

FY2010 (For the fiscal year ended May 31, 2011)

(Millions of yen)

	Reporting segments				Others (Note 2)	Total	Adjustment	Figures in consolidated statements of income
	HR Solutions			Subtotal				
	Expert Services (Temporary staffing), Insourcing (Contracting), Others (Note 1)	Outplacement	Outsourcing					
Net sales								
Sales to outside customers	152,234	9,805	14,464	176,504	1,550	178,055	750	178,806
Intersegment sales and transfers	871	2	225	1,099	2,013	3,112	(3,112)	-
Total	153,106	9,807	14,690	177,604	3,564	181,168	(2,362)	178,806
Segment income	1,980	1,011	2,227	5,218	134	5,352	(2,920)	2,432
Segment assets	32,592	10,157	12,527	55,277	2,118	57,395	3,168	60,564
Other items								
Depreciation and amortization	922	277	549	1,749	216	1,965	194	2,160
Amortization of goodwill	130	67	111	309	-	309	-	309
Increase in tangible and intangible fixed assets	975	240	327	1,543	355	1,898	120	2,019

Notes:

1. The “Expert Services (Temporary staffing), Insourcing (Contracting), Others” segment includes each of the businesses of Expert Services, Insourcing, HR Consulting, Place & Search as well as Global Sourcing.
2. The “Others” segment incorporates operations not included in reporting segments, including Life Solutions, Public Solutions, Shared.
3. The following are included in the adjustment item.
 - (1) Adjustment of sales to outside customers totaling ¥750 million are mainly comprised of sales relating to operations commissioned from government and other public offices.
 - (2) Adjustment of segment income totaling ¥(2,920) million includes sales relating to operations commissioned from government and other public offices totaling ¥753 million, Group management costs relating to the Company totaling ¥(3,698) million as well as intersegment sales and transfers totaling ¥(25) million.
 - (3) Adjustment of segment assets totaling ¥3,168 million includes the Company’s surplus management funds (Cash and deposits) and assets relating to Group management totaling ¥15,156 million as well as intersegment sales and transfers totaling ¥(11,987) million.
 - (4) Adjustment of depreciation and amortization totaling ¥194 million are mainly comprised of depreciation and amortization of assets relating to Group management.
 - (5) Adjustment of increase in tangible and intangible fixed assets totaling ¥120 million are mainly comprised of an increase of assets relating to Group management.
4. Segment income is adjusted with operating income under consolidated statements of income.

FY2011 (For the fiscal year ended May 31, 2012)

(Millions of yen)

	Reporting segments				Others (Note 2)	Total	Adjustment	Figures in consolidated statements of income
	HR Solutions			Subtotal				
	Expert Services (Temporary staffing), Insourcing (Contracting), Others (Note 1)	Outplacement	Outsourcing					
Net sales								
Sales to outside customers	155,608	9,587	14,734	179,931	1,567	181,498	-	181,498
Intersegment sales and transfers	419	6	224	650	2,165	2,816	(2,816)	-
Total	156,028	9,594	14,959	180,581	3,732	184,314	(2,816)	181,498
Segment income	2,211	834	2,479	5,525	42	5,568	(3,603)	1,964
Segment assets	42,481	9,884	15,432	67,798	1,923	69,722	1,166	70,889
Other items								
Depreciation and amortization	947	214	523	1,685	276	1,962	187	2,149
Amortization of goodwill	221	67	55	343	-	343	-	343
Increase in tangible and intangible fixed assets	6,208	74	589	6,872	142	7,015	325	7,340

Notes:

- The “Expert Services (Temporary staffing), Insourcing (Contracting), Others” segment includes each of the businesses of Expert Services, Insourcing, HR Consulting, Place & Search as well as Global Sourcing.
- The “Others” segment incorporates operations not included in reporting segments, including Life Solutions, Public Solutions, Shared.
- The following are included in the adjustment item.
 - Adjustment of segment income totaling ¥(3,603) million includes Group management costs relating to the Company totaling ¥(3,611) million as well as intersegment sales and transfers totaling ¥(7) million.
 - Adjustment of segment assets totaling ¥1,166 million includes the Company’s cash and deposits and assets relating to Group management totaling ¥13,558 million as well as intersegment sales and transfers totaling ¥(12,391) million.
 - Adjustment of depreciation and amortization totaling ¥187 million are mainly comprised of depreciation and amortization of assets relating to Group management.
 - Adjustment of increase in tangible and intangible fixed assets totaling ¥325 million are mainly comprised of an increase of assets relating to Group management.
- Segment income is adjusted with operating income under consolidated statements of income.

Related information

FY2010 (For the fiscal year ended May 31, 2011)

1. Information by product and service

Nothing is stated herein as similar information is disclosed in Segment information.

2. Information on geographic areas

(1) Net sales

Since the percentage of net sales in Japan exceeds 90%, information on geographic areas is omitted from this report.

(2) Property, plant and equipment

Since the percentage of total property, plant and equipment located in Japan exceeds 90%, information on geographic areas is omitted from this report.

3. Information by major customer

No major customer is stated because no customer accounted for more than 10% of net sales.

FY2011 (For the fiscal year ended May 31, 2012)

1. Information by product and service

Nothing is stated herein as similar information is disclosed in Segment information..

2. Information on geographic areas

(1) Net sales

Since the percentage of net sales in Japan exceeds 90%, information on geographic areas is omitted from this report.

(2) Property, plant and equipment

Since the percentage of total property, plant and equipment located in Japan exceeds 90%, information on geographic areas is omitted from this report.

3. Information by major customer

No major customer is stated because no customer accounted for more than 10% of net sales.

Information regarding impairment loss of noncurrent assets by reporting segment

FY2010 (For the fiscal year ended May 31, 2011)

(Millions of yen)

	Reporting segments				Others (Note)	Adjustment	Total
	Expert Services (Temporary staffing), Insourcing (Contracting), Others	Outplacement	Outsourcing	Subtotal			
Impairment loss	2	-	-	2	-	-	2

Note: The "Others" segment incorporates operations not included in reporting segments, including Life Solutions, Public Solutions, Shared.

FY2011 (For the fiscal year ended May 31, 2012)

None

Information regarding unamortized balance of goodwill by reporting segment

FY2010 (For the fiscal year ended May 31, 2011)

(Millions of yen)

	Reporting segments				Others (Note)	Adjustment	Total
	Expert Services (Temporary staffing), Insourcing (Contracting), Others	Outplacement	Outsourcing	Subtotal			
Balance at the end of current period	206	253	55	514	-	-	514

Note: The "Others" segment incorporates operations not included in reporting segments, including Life Solutions, Public Solutions, Shared.

FY2011 (For the fiscal year ended May 31, 2012)

(Millions of yen)

	Reporting segments			Others (Note)	Adjustment	Total	
	Expert Services (Temporary staffing), Insourcing (Contracting), Others	Outplacement	Outsourcing				Subtotal
Balance at the end of current period	3,982	185	123	4,292	-	-	4,292

Note: The “Others” segment incorporates operations not included in reporting segments, including Life Solutions, Public Solutions, Shared.

Information regarding gain on negative goodwill by reporting segment

FY2010 (For the fiscal year ended May 31, 2011)

Gain on negative goodwill totaling ¥43 million was recorded in the “ Expert Services (Temporary staffing), Insourcing (Contracting), Others ” segment. This was due to the additional purchase of investments in subsidiaries in the fiscal year ended May 31, 2011.

FY2011 (For the fiscal year ended May 31, 2012)

None

Important Matters Concerning Business Combination

FY2011 (For the fiscal year ended May 31, 2012)

Business combination through acquisition

1. CAPLAN Corporation (hereafter “CAPLAN”)

(1) Overview of business combination

a. Name of the acquired company and its business

Company Name	CAPLAN Corporation
Business Activities	Temporary staffing, outsourcing services, placement and recruiting, training as well as human resources development services

b. Rationale for the business combination

CAPLAN provides comprehensive human resources services to a wide customer base. In addition to ITOCHU Corporation as well as the Japan Airlines Co., Ltd. group, clients include major corporations operating in the general trading, manufacturing, logistics and related sectors. Building on its in-house strengths in trading company-related activities, CAPLAN is also well versed in a number of specialist fields including for example aviation and travel operations. The company provides communication manner and business etiquette training that draws on its long-standing knowledge and experience in aviation businesses while also supporting career development activities.

Against this backdrop, the acquisition of CAPLAN shares will not only enable the Company to broaden its customer base and bolster its temporary staffing capabilities in technical fields, but also to offer human resource solutions that utilize IT, enhance synergy effects with respect to education and training, diversify its training menu and improve the quality of its services. Through these and other means, the Company will strive for further growth.

c. Date of business combination

March 28, 2012

d. Legal format of business combination

Consolidated as a subsidiary through the acquisition of shares.

e. Name of the company after business combination

CAPLAN Corporation

f. Percentage share of voting rights the Company has acquired

100%

g. Main reason for deciding to acquire the company

It is because the Company acquired shares of CAPLAN.

(2) Period of the acquired company's financial results included in the consolidated statements of income

Business results of CAPLAN is not reflected the Company's consolidated financial statements for the fiscal year ended May 31, 2012.

2. Bewith, Inc. (hereinafter "Bewith")

(1) Overview of business combination

a. Name of the acquired company and its business

Company Name	Bewith, Inc.
Business Activities	Contact center operations, and business process outsourcing services

b. Rationale for the business combination

As a result of the March 11, 2011 Great East Japan Earthquake, Japanese companies have a rapidly growing concern about securing business continuity under such disastrous circumstances. Reflecting this trend, there is increasing demand for using outsourcing services as an "insurance policy." However, in reality there are not enough service providers in Japan that can design, administer and cover all processes of outsourcing at a national level that reflects the client's business objective and challenge with an understanding of the company's business strategy.

Bewith intends to strengthen and expand its business base by providing best-fit outsourcing services for current and potential customers, thereby helping to enhance business productivity. To achieve this goal, Bewith can harness business advantages of the three companies: (I) Pasona Group's nationwide networks and expertise in temporary staffing services as well as outsourcing and contracting operations; (II) MC's business management capability; and (III) Bewith's skills in business process analysis and project management.

c. Date of business combination

May 1, 2012

d. Legal format of business combination

Consolidated as a subsidiary through the acquisition of shares.

e. Name of the company after business combination

Bewith, Inc.

f. Percentage share of voting rights the Company has acquired

60%

g. Main reason for deciding to acquire the company

It is because the Company acquired shares of Bewith.

(2) Period of the acquired company's financial results included in the consolidated statements of income
Business results of Bewith is not reflected the Company's consolidated financial statements for the fiscal year ended May 31, 2012.

Per Share Information

(Yen)

	FY2010	FY2011
Net assets per share	56,086.32	54,853.94
Earnings per share	1,101.88	78.78
Earnings diluted per share	1,098.68	76.61

Note 1:

Net earnings per share and earnings per diluted share are calculated on the following basis.

(Millions of yen)

Items	FY2010	FY2011
Earnings per share		
Net income	412	29
Amount not applicable to shareholders of common stock	-	-
Net income applicable to common stock	412	29
Average number of shares for the period (shares)	374,502	374,502
Earnings per diluted shares		
Net income adjustment amount	(1)	(0)
Since there was no effect on earnings per share after applying calculations adjusted for the dilution of stocks, per diluted share amounts have been omitted from this report Note: The resolution dates identified in the column on the right related to Annual General Meetings of Shareholders of Pasona Inc.	Common stock with warrants as stock options resolution at the Annual General Meeting of Shareholders held on August 26, 2004 (number of common stock with warrants: 2,843 shares) Common stock with warrants as stock options resolution at the Annual General Meeting of Shareholders held on August 25, 2005 (number of common stock with warrants: 3,832 shares)	Common stock with warrants as stock options resolution at the Annual General Meeting of Shareholders held on August 25, 2005 (number of common stock with warrants: 3,704 shares)

2. Net assets per share

(Millions of yen)

	As of May 31, 2011	As of May 31, 2011
Total net assets	25,642	26,295
Amount deducted from total net assets	4,637	5,752
Net assets applicable to common stock as of the fiscal period-end	21,004	20,542
Number of common stock used to calculate net assets per share (shares)	374,502	374,502

Important Subsequent Events

None

5. Non-Consolidated Financial Statements

(1) Non-Consolidated Balance Sheets

(Millions of yen)

	As of May 31, 2011	As of May 31, 2011
ASSETS		
Current assets		
Cash and deposits	11,325	9,853
Accounts receivable - trade	367	483
Supplies	19	18
Prepaid expenses	246	277
Income taxes receivable	90	159
Short-term loans receivable to subsidiaries and affiliates	74	12
Accounts receivable - other	187	288
Other	2	15
Allowance for doubtful accounts	(24)	-
Total current assets	12,288	11,109
Noncurrent assets		
Property, plant and equipment		
Buildings	743	1,006
Accumulated depreciation	(167)	(273)
Buildings, net	576	733
Structures	14	13
Accumulated depreciation	(4)	(7)
Structures, net	9	6
Machinery and equipment	3	3
Accumulated depreciation	(0)	(1)
Machinery and equipment, net	3	2
Tools, furniture and fixtures	52	79
Accumulated depreciation	(23)	(37)
Tools, furniture and fixtures, net	28	42
Land	-	25
Lease assets	1,934	1,937
Accumulated depreciation	(303)	(525)
Lease assets, net	1,630	1,411
Construction in progress	3	93
Total property, plant and equipment	2,251	2,315
Intangible assets		
Software	5	5
Total intangible assets	5	5
Investments and other assets		
Investment securities	699	325
Stocks of subsidiaries and affiliates	18,660	24,659
Long-term loans receivable from subsidiaries and affiliates	98	25
Lease and guarantee deposits	1,490	1,665
Other	97	117
Allowance for doubtful accounts	(60)	-
Allowance for investment loss	(311)	(310)
Total investments and other assets	20,675	26,483
Total noncurrent assets	22,932	28,803
Total assets	35,221	39,912

(Millions of yen)

	As of May 31, 2011	As of May 31, 2011
LIABILITIES		
Current liabilities		
Short-term loans payable	1,531	2,551
Short-term loans payable to subsidiaries and affiliates	591	398
CMS deposits received	8,952	10,507
Lease obligations	236	196
Accounts payable - other	261	405
Accrued expenses	103	146
Income taxes payable	18	17
Accrued consumption taxes	65	8
Provision for bonuses	50	55
Other	40	32
Total current liabilities	11,852	14,319
Noncurrent liabilities		
Long-term loans payable	5,104	8,152
Lease obligations	1,716	1,148
Provision for retirement benefits	0	-
Deferred tax liabilities	92	10
Long-term guarantee deposited	654	729
Asset retirement obligations	18	-
Other	294	313
Total noncurrent liabilities	7,880	10,354
Total liabilities	19,733	24,674
NET ASSETS		
Shareholders' equity		
Capital stock	5,000	5,000
Capital surplus		
Legal capital surplus	5,000	5,000
Other capital surplus	7,444	7,444
Total capital surpluses	12,444	12,444
Retained earnings		
Other retained earnings		
Reserve for reduction entry	19	16
Retained earnings brought forward	1,402	1,270
Total earned surpluses	1,422	1,287
Treasury stock	(3,493)	(3,493)
Total shareholders' equity	15,373	15,238
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	114	0
Total valuation and translation adjustments	114	0
Total net assets	15,488	15,238
Total liabilities and net assets	35,221	39,912

(2) Non-Consolidated Statements of Income

(Millions of yen)

	FY2010 (For the fiscal year ended May 31, 2011)	FY2010 (For the fiscal year ended May 31, 2011)
Net sales	3,772	5,414
Cost of sales	782	1,665
Gross profit	2,989	3,749
Selling, general and administrative expenses		
Directors' compensations	293	281
Salaries and bonuses	726	773
Provision for bonuses	48	55
Welfare expenses	154	153
Business consignment expenses	513	693
Advertising expenses	23	38
Compensations	157	164
Rent expenses	507	737
Depreciation	103	125
Other	430	614
Total selling, general and administrative expenses	2,959	3,637
Operating income	30	112
Non-operating income		
Interest income	14	8
Subsidy income	28	7
Commission fee	-	84
Gain on sales of goods	14	17
Other	16	27
Total non-operating income	74	146
Non-operating expenses		
Interest expenses	153	128
Commission fee	-	22
Commitment fee	56	33
Other	8	2
Total non-operating expenses	219	187
Ordinary income	(114)	72
Extraordinary income		
Gain on donation of noncurrent assets	-	58
Gain on sales of investment securities	460	116
Gain on sales of subsidiaries and affiliates' stocks	185	-
Reversal of allowance for doubtful accounts	58	-
Reversal of loss on liquidation of subsidiaries and affiliates	20	-
Reversal of allowance for investment loss	0	-
Other	1	-
Total extraordinary income	726	175
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	1	0
Loss on sales of investment securities	3	-
Loss on valuation of stocks of subsidiaries and affiliates	110	-
Loss on adjustment for changes of accounting standard for asset	34	-
Loss on liquidation of subsidiaries and affiliates	0	-
Total extraordinary loss	150	0
Income before income taxes	461	247
Income taxes - current	13	11
Income taxes - deferred	4	(3)
Income taxes	17	8
Net income	443	239

(3) Non-Consolidated Statements of Changes in Shareholders' Equity

(Millions of yen)

	FY2010 (For the fiscal year ended May 31, 2011)	FY2011 (For the fiscal year ended May 31, 2012)
Shareholders' Equity		
Common Stock		
Balance at the end of previous period	5,000	5,000
Changes of items during the period		
Total changes of items during the period	-	-
Balance at the end of current period	5,000	5,000
Capital surplus		
Legal capital surplus		
Balance at the end of previous period	5,000	5,000
Changes of items during the period		
Total changes of items during the period	-	-
Balance at the end of current period	5,000	5,000
Other capital surplus		
Balance at the end of previous period	7,444	7,444
Changes of items during the period		
Dividends from surplus-other capital surplus	-	-
Increase (decrease) by corporate division	-	-
Disposal of treasury stock	-	-
Total changes of items during the period	-	-
Balance at the end of current period	7,444	7,444
Total capital surplus		
Balance at the end of previous period	12,444	12,444
Changes of items during the period		
Dividends from surplus-other capital surplus	-	-
Increase (decrease) by corporate division	-	-
Disposal of treasury stock	-	-
Total changes of items during the period	-	-
Balance at the end of current period	12,444	12,444
Retained earnings		
Other retained earnings		
Reserve for reduction entry		
Balance at the end of previous period	12	19
Changes of items during the period		
Provision of reserve for reduction entry	11	-
Reversal of reserve for reduction entry	(4)	(4)
Provision of reserve for advanced depreciation of noncurrent assets in the change of the effective tax rate	-	0
Total changes of items during the period	6	(3)
Balance at the end of current period	19	16
Retained earnings brought forward		
Balance at the end of previous period	1,153	1,402
Changes of items during the period		
Dividends from surplus	(187)	(374)
Provision of reserve for reduction entry	(11)	-
Reversal of reserve for reduction entry	4	4
Provision of reserve for advanced depreciation of noncurrent assets in the change of the effective tax rate	-	(0)
Net income	443	239
Total changes of items during the period	249	(131)
Balance at the end of current period	1,402	1,270

(Millions of yen)

	FY2010 (For the fiscal year ended May 31, 2011)	FY2011 (For the fiscal year ended May 31, 2012)
Total Retained earnings		
Balance at the end of previous period	1,166	1,422
Changes of items during the period		
Dividends from surplus	(187)	(374)
Provision of reserve for reduction entry	-	-
Reversal of reserve for reduction entry	-	-
Provision of reserve for advanced depreciation of noncurrent assets in the change of the effective tax rate	-	-
Net income	443	239
Total changes of items during the period	256	(135)
Balance at the end of current period	1,422	1,287
Treasury stock		
Balance at the end of previous period	(3,493)	(3,493)
Changes of items during the period		
Total changes of items during the period	-	-
Balance at the end of current period	(3,493)	(3,493)
Total shareholders' equity		
Balance at the end of previous period	15,117	15,373
Changes of items during the period		
Dividends from surplus	(187)	(374)
Net income	443	239
Total changes of items during the period	256	(135)
Balance at the end of current period	15,373	15,238
Valuation and translation adjustments		
Valuation difference on available-for-sale securities		
Balance at the end of previous period	0	114
Changes of items during the period		
Net changes of items other than shareholders' equity	114	(114)
Total changes of items during the period	114	(114)
Balance at the end of current period	114	0
Total valuation and translation adjustments		
Balance at the end of previous period	0	114
Changes of items during the period		
Net changes of items other than shareholders' equity	114	(114)
Total changes of items during the period	114	(114)
Balance at the end of current period	114	0
Total net assets		
Balance at the end of previous period	15,117	15,488
Changes of items during the period		
Dividends from surplus	(187)	(374)
Net income	443	239
Net changes of items other than shareholders' equity	114	(114)
Total changes of items during the period	371	(249)
Balance at the end of current period	15,488	15,238

(4) Notes to Going Concern Assumption

None

6. Others

Changes and Movements in Directors

(1) Changes and movements in representative directors

None

(2) Changes and movements in other directors

Inauguration, retirement and promotion of directors will be disclosed when it is resolved.