

Results for the First Half of the Fiscal Year Ending May 31, 2015

H1 FY2014 (June 1, 2014 - November 30, 2014)

Pasona Group Inc.

First Section TSE (2168)

January 15, 2015

www.pasonagroup.co.jp/english



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

Summary

(Billions of yen)	H1 FY2013	H1 FY2014	YoY
Net sales	102.6	113.8	+10.9%
Gross profit	19.4	22.5	+15.7%
SG&A expenses	18.4	21.3	+15.7%
Operating income	1.04	1.20	+15.2%
Net income (loss)	(0.03)	(0.16)	-

Summary

Operating income increased as Insourcing profit margins rose, and contracts for Place & Search expanded. Thus compensating for the decline in income from Outplacement.

(Billions of yen)	Net sales			Operating income		
	H1 FY13	H1 FY14	YoY	H1 FY13	H1 FY14	YoY
Expert Services (Temporary Staffing)	62.2	67.7	+8.8%			
Insourcing (Contracting)	19.0	22.4	+17.9%			
HR Consulting, others	2.0	2.7	+32.2%	1.2	2.0	+66.9%
Place & Search	1.6	2.5	+58.2%			
Global Sourcing	1.7	2.2	+30.1%			
Outplacement	5.6	4.3	(23.2)%	0.8	0.1	(86.0)%
Outsourcing	9.4	9.9	+5.3%	1.0	1.2	+23.0%
Eliminations and Corporate	(1.5)	(1.0)	-	(1.9)	(2.0)	-

Progress of Strategic Priority for FY2014



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

Progress of Strategic Priority for FY2014

- **Expand the Expert Services business with greater education and training**
 - ➔ **Strengthened education program for temporary staff**
 - ➔ **Strengthened teamwork with external companies/ organizations with specialized staff**
- **Promote solution services through group collaboration**
 - ➔ **Sales to public and private sectors expanded and profit margins for Insourcing improved**
 - ➔ **Expanded contract service fields and enhanced proposals**
- **Strengthen measures in new growth fields**
 - ➔ **Reported steady results in the childcare and agriculture fields**

Expand the Staffing Business through Education and Training (1)

Strengthened education program for temporary staff → Expanded technical fields

Medical



Expansion in the medical domain because of the inclusion of PASONA MEDICAL INC. within the scope of consolidation

Accounting



Capital and operating alliances with Delta Win CFO Partners, strengthened temporary staffing in specific types of work

Trading

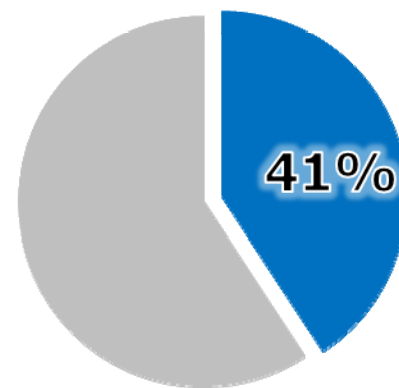


Expanded highly convenient e-Learning activities

IT



Steady expansion in temporary staff with special qualifications



■ Technical + IT Engineering

YoY +3.5pt

Expand the Staffing Business through Education and Training (2)

Strengthened teamwork with external companies/organizations with staff with special qualifications

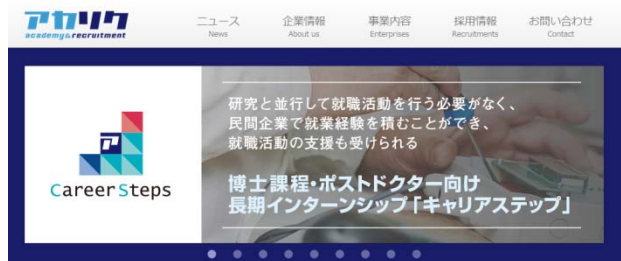


Strengthened highly specialized staff field

R&D



Supported recruitment activities for the counseling, business training for graduate school students and researchers.
Conducted matching activities with companies through internships as well as temporary staffing and recruiting services.



<https://acaric.co.jp/>

Legal



Temporary staff and recruiting services for staff to be in charge of legal and corporate planning work. Also offered training in practical legal matters
Provided interns who have completed legal courses at the graduate school level.



<http://www.more-selections.com/>

Promote Solution Services (1)

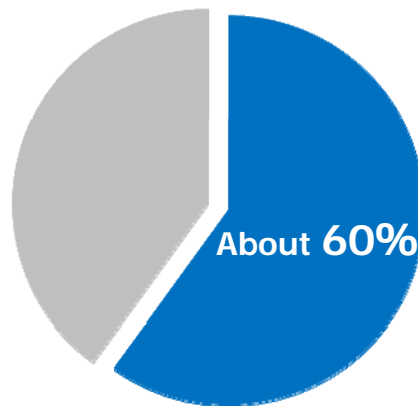
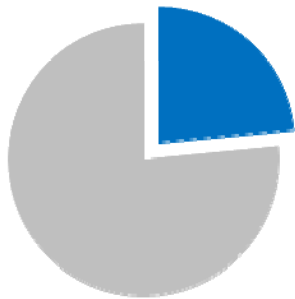
Business environment:

Shifting from temporary staffing to BPO (Business Process Outsourcing)

Japan and U.S. Temporary staffing and BPO market



About 20%



■ BPO ■ Temporary staffing

as 2012

Source : HfS Research, ASA,
Yano Research Institute Ltd., MHLW

Development of BPO activities in Japan is behind.

On the other hand, the temporary staffing market is large.

Further improve efficiency and increasing productivity in non-core divisions are major issues



Strengths of the Pasona Group

Best Solutions

Proposing optimal combinations of temporary staffing and BPO for client business operations

Promote Solution Services (2)

BPO business is driving growth

Current status

Expanding through lateral expansion after receiving customer evaluations
 Increase profit margins through accumulation of know-how



Development

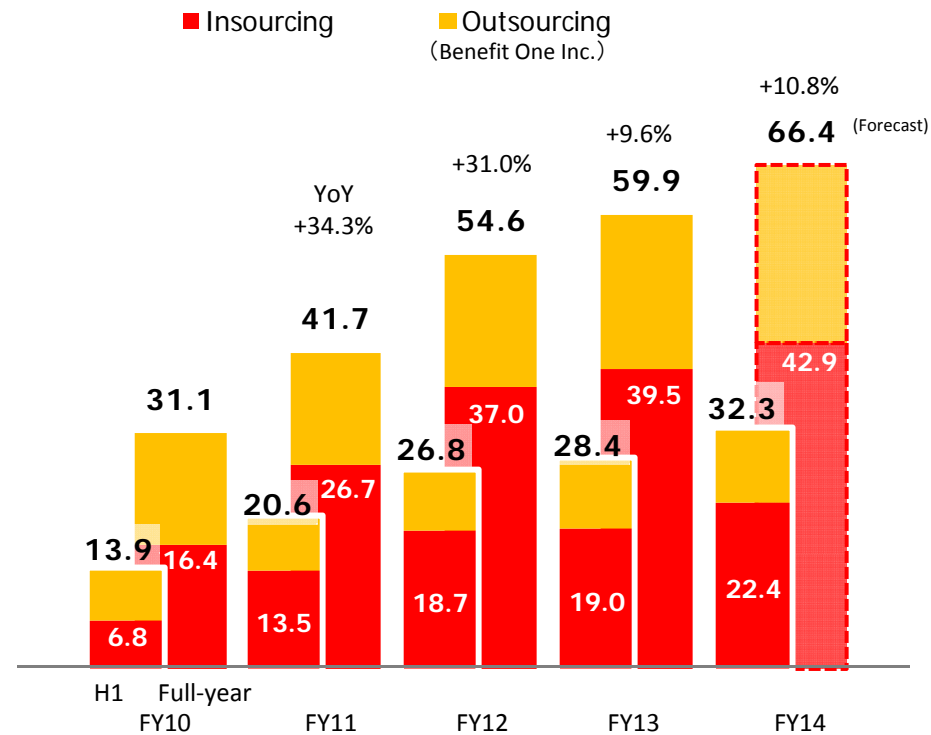
Upselling

(increasing sophistication)

Expanding the business of strengthening education and training for temporary staffing also into the Insourcing business
 Promoting BPO in specialized fields, including accounting

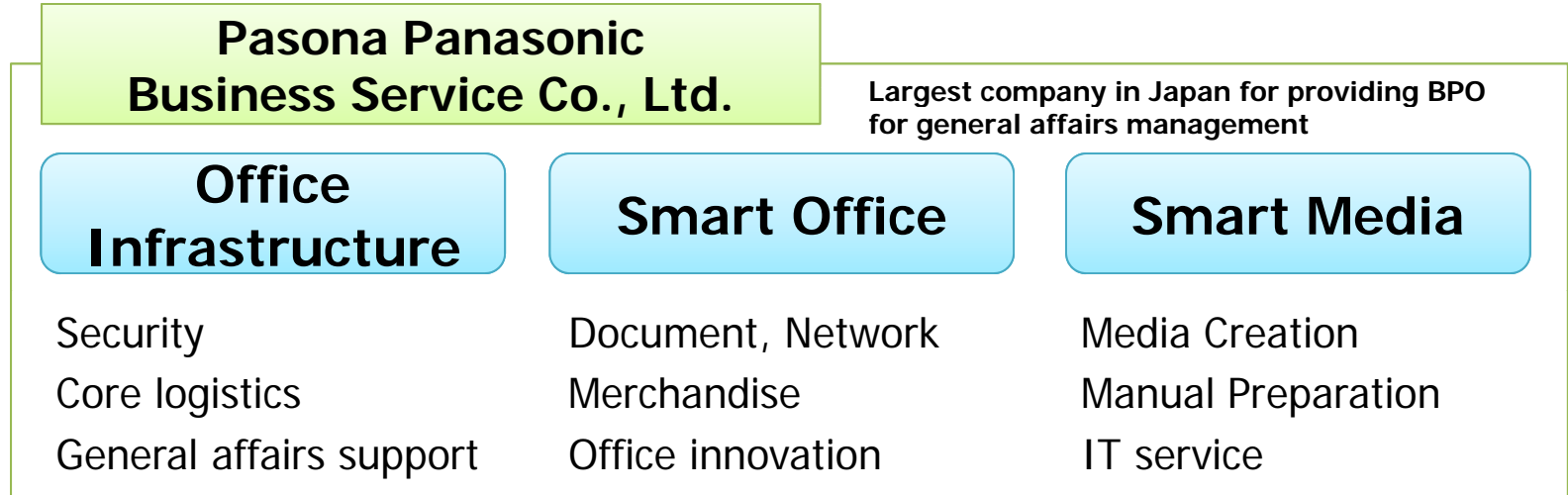
Sales of BPO related businesses (Insourcing /Outsourcing)

(Billions of yen)



Promote Solution Services (3)

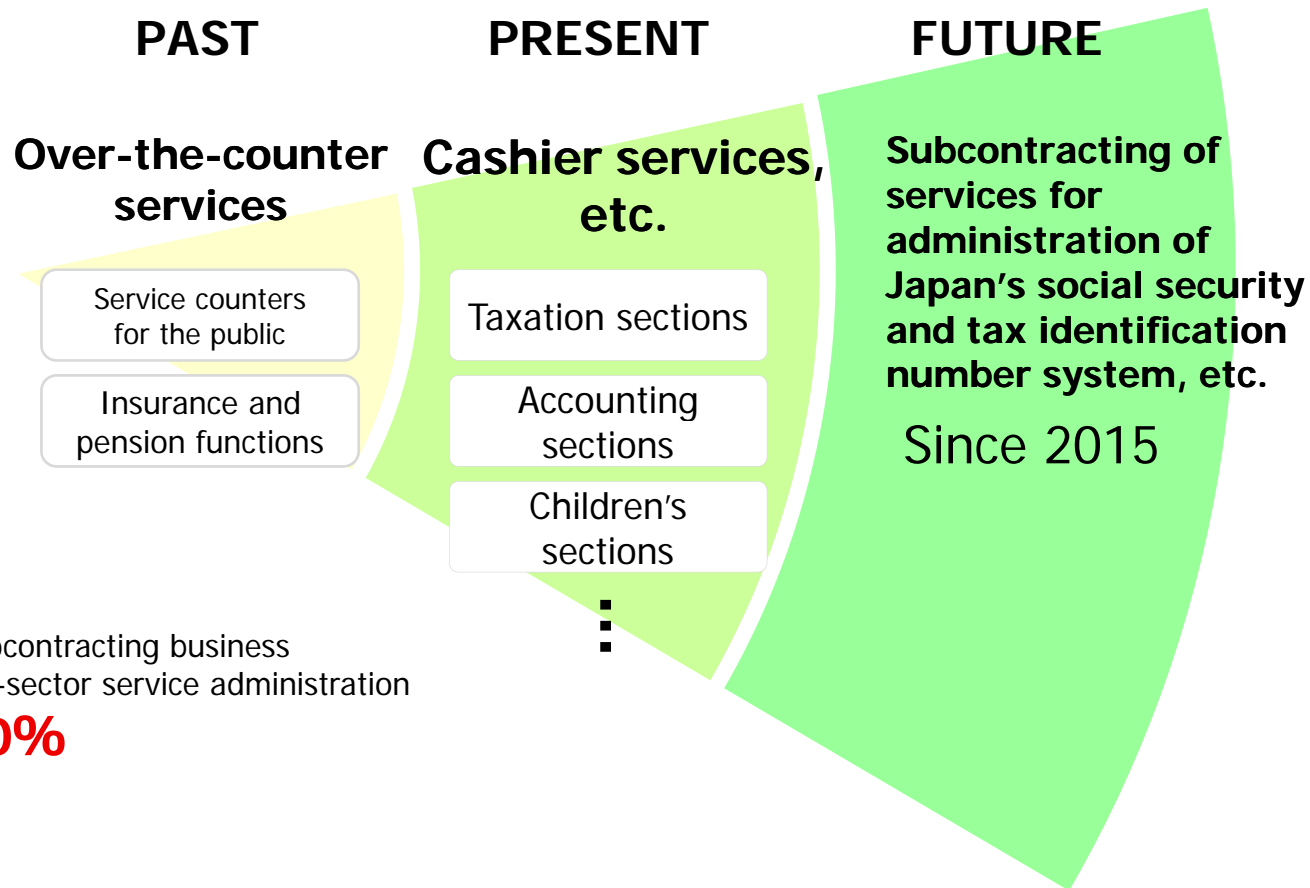
Panasonic Business Services will become a subsidiary of Pasona in April 2015.



➔ Expanding sales through cross-selling and upselling

Promote Solution Services through Group Collaboration (4)

In the public sector, increase in orders for public affairs work



Record of subcontracting business for the public-sector service administration

YoY **+40%**

➔ Expansion of range of services from entranceway reception to internal operations

Strengthen Measures in New Business Fields

Steady results in childcare and in agriculture

Childcare



As a result of expansion in the in-company childcare centers business, scheduled to open **seven** new centers this period

51 locations → **56 locations**
(Have already opened five such centers)

In Nov. 2014

Office opened in Osaka to strengthen sales capabilities



Agriculture



- ① Expanding marketing to regional governments and public entities working with regional banks
- ② Providing support for implementation of Japan's Geographical Location Indications Law (Scheduled for implementation in June 2015)
Promoting the branding of regional specialty products

日本雇用創出機構



農援隊の
淡路島バーニャカウダ

Overview of the First Half of the Fiscal Year Ending May 31, 2015



Revisions to Consolidated Business Forecast for H1 FY2014

- Net sales **113.8** billions yen vs Initial Forecast **(1.5)%**
- Operating income **1.2** billions yen **+83.9%**

The increase in Place & Search sales, expansion in Insourcing, and operational efficiencies contributed to a rise in gross profit margin. In addition, SG&A expenses were below the planning level

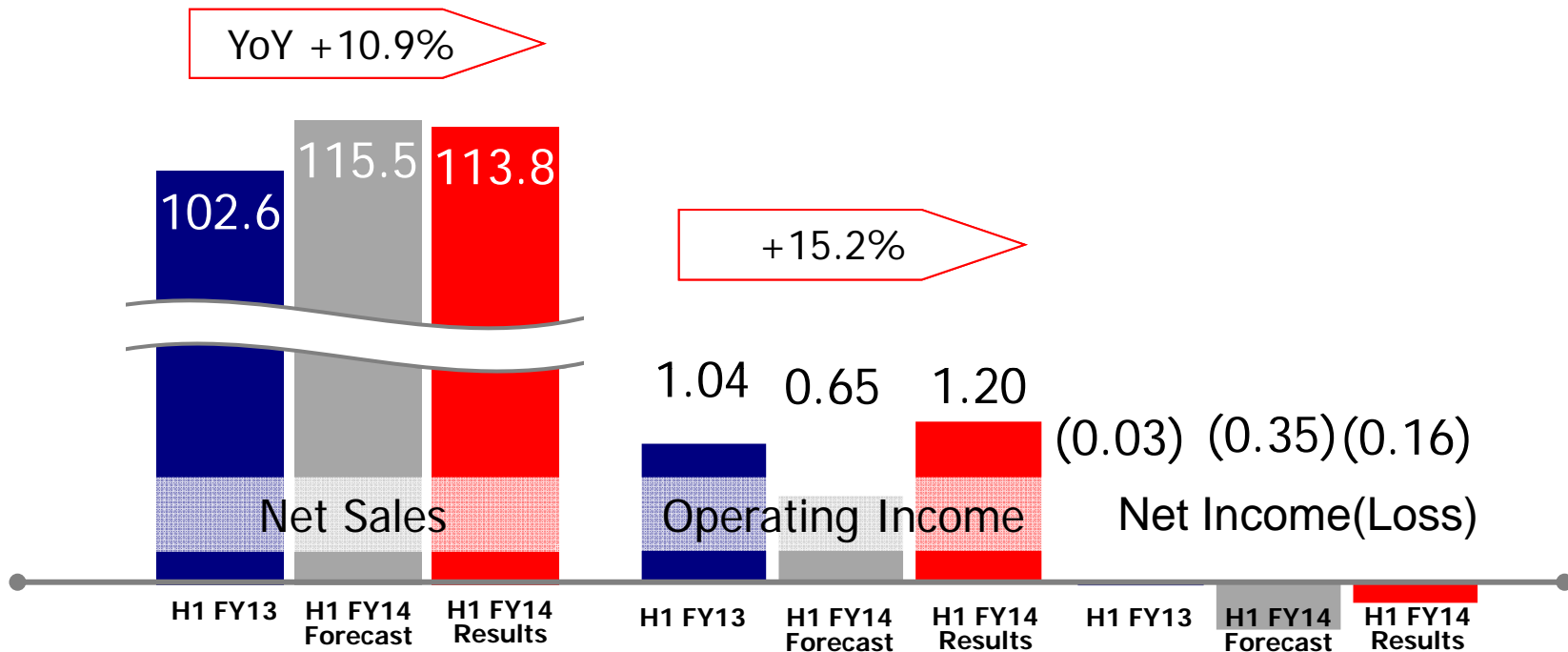
- Because some costs may be reported in the next period and the outlook for the Outplacement business is uncertain, we have left the outlook for the full fiscal year unchanged

(millions of yen)

H1 FY14	Initial Forecast	Revised Forecast	VS Initial Forecast	Difference
Net Sales	115,500	113,805	(1,694)	(1.5)%
Gross Profit	22,080	22,461	381	1.7%
SG&A Expenses	21,430	21,265	(164)	(0.8)%
Operating Income	650	1,195	545	83.9%
Ordinary Income	650	1,118	468	72.2%
Net Income (Loss)	(350)	(155)	194	-

Consolidated Results

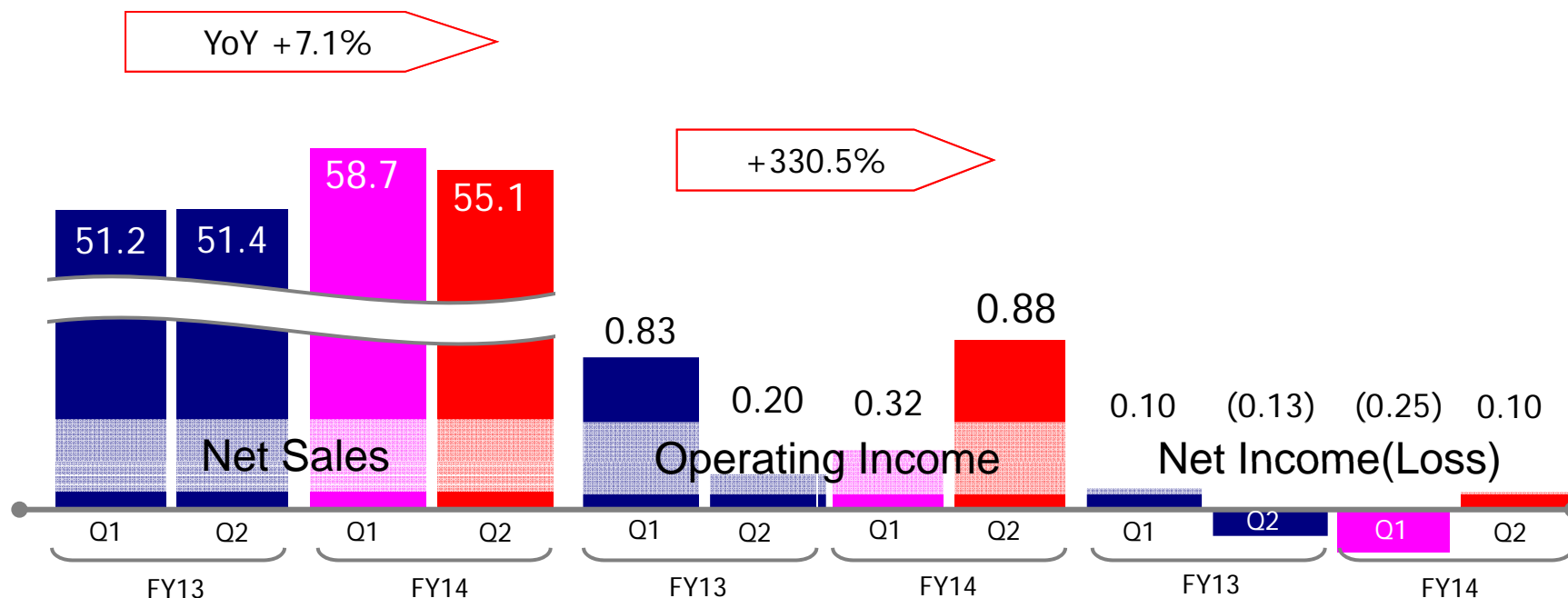
(Billions of yen)



(Millions of yen)	H1 FY13	to net sales %	FY14 Revised forecast	to net sales %	H1 FY14	to net sales %	vs FY13 Increase/Decrease	YoY	vs Revised forecast Increase/Decrease	%
Net sales	102,619	100.0	115,500	100.0	113,805	100.0	11,186	10.9%	(1,694)	(1.5)%
Cost of sales	83,208	81.1	93,420	80.9	91,344	80.3	8,135	9.8%	(2,075)	(2.2)%
Gross profit	19,410	18.9	22,080	19.1	22,461	19.7	3,050	15.7%	381	1.7%
SG&A expenses	18,372	17.9	21,430	18.6	21,265	18.7	2,893	15.7%	(164)	(0.8)%
Operating income	1,038	1.0	650	0.6	1,195	1.1	157	15.2%	545	83.9%
Ordinary income	961	0.9	650	0.6	1,118	1.0	157	16.3%	468	72.2%
Net income(loss)	(25)	-	(350)	-	(155)	-	(130)	-	194	-

Consolidated Results for Three months ended November 30, 2014

(Billions of yen)



(Millions of yen)	Q1 FY13	to net sales %	Q2 FY13	to net sales %	Q1 FY14	to net sales %	Q2 FY14	to net sales %	vs FY13 Increase/Decrease	YoY
Net sales	51,212	100.0	51,406	100.0	58,727	100.0	55,078	100.0	3,671	7.1%
Cost of sales	41,179	80.4	42,029	81.8	47,277	80.5	44,067	80.0	2,038	4.8%
Gross profit	10,032	19.6	9,377	18.2	11,450	19.5	11,010	20.0	1,633	17.4%
SG&A expenses	9,197	18.0	9,174	17.8	11,130	19.0	10,135	18.4	961	10.5%
Operating income	834	1.6	203	0.4	320	0.5	875	1.6	671	330.5%
Ordinary income	798	1.6	163	0.3	286	0.5	832	1.5	669	410.3%
Net income(loss)	103	0.2	(128)	-	(253)	-	97	0.2	226	-

Consolidated Results by Segment

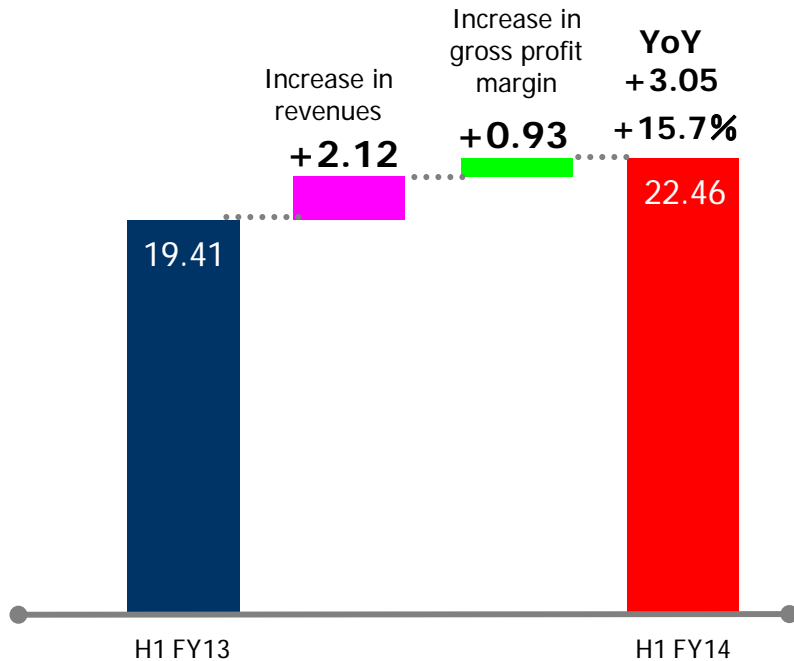
(Millions of yen)

	Segment	Net sales				Operating income (loss)				Operating income margin		
		H1 FY13	H1 FY14	Increase/Decrease	YoY	H1 FY13	H1 FY14	Increase/Decrease	YoY	H1 FY13	H1 FY14	Increase/Decrease
1	Expert Services	62,198	67,697	5,498	8.8%	1,173	1,959	785	66.9%	1.4%	2.0%	0.6pt
2	Insourcing	18,967	22,362	3,395	17.9%							
3	HR Consulting, others	2,036	2,692	655	32.2%							
4	Place & Search	1,558	2,465	906	58.2%							
5	Global Sourcing	1,720	2,238	517	30.1%							
Subtotal		86,482	97,455	10,973	12.7%							
6	Outplacement	5,644	4,333	(1,311)	(23.2)%	796	111	(685)	(86.0)%	14.1%	2.6%	(11.5)pt
7	Outsourcing	9,436	9,935	498	5.3%	965	1,188	222	23.0%	10.2%	12.0%	1.8pt
8	Life Solutions Public Solutions Shared	2,547	3,045	497	19.5%	8	(34)	(42)	-	0.3%	-	-
9	Eliminations and Corporate	(1,492)	(964)	527	-	(1,905)	(2,028)	(122)	-	-	-	-
10	Total	102,619	113,805	11,186	10.9%	1,038	1,195	157	15.2%	1.0%	1.1%	0.1pt

Gross Profit, SG&A Expenses

Gross Profit

(Billions of yen)



(Billions of yen)

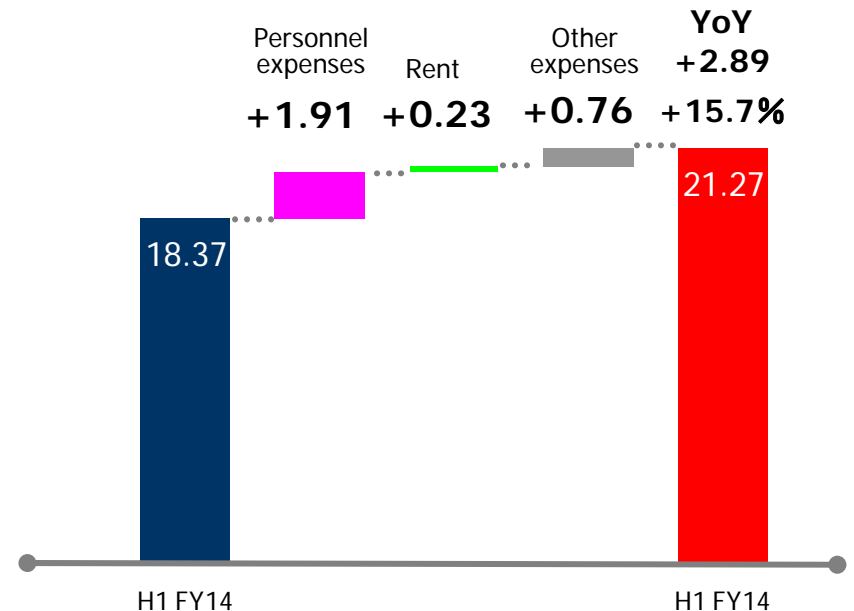
	H1 FY13	H1 FY14	Increase/Decrease
Gross profit	19.41	22.46	+3.05
Gross profit margin	18.9%	19.7%	+0.8pt

(Reference)

	FY08	FY09	FY10	FY11	FY12	FY13	H1 FY14
Gross profit margin	19.9%	20.0%	18.8%	18.6%	19.3%	19.3%	19.7%

SG&A Expenses

(Billions of yen)



(Billions of yen)

	3M FY13	3M FY14	Increase/Decrease
Personnel	10.65	12.56	+1.91
Advertisement and recruitment	0.53	0.67	+0.14
IT	0.97	1.11	+0.14
Rent	1.84	2.06	+0.23
Others	4.39	4.86	+0.47
Total	18.37	21.27	+2.89
SG&A expense ratio	17.9%	18.7%	+0.8pt

(Reference)

	FY08	FY09	FY10	FY11	FY12	FY13	H1 FY14
SG&A expense ratio	18.6%	18.0%	17.4%	17.5%	17.8%	17.7%	18.7%

Non-operating/Extraordinary income (loss), Others

(Millions of yen)

	H1 FY13	H1 FY14	Increase/ Decrease	YoY
Operating income	1,038	1,195	157	15.2%
Non-operating income	118	131	12	10.4%
Non-operating expenses	195	207	12	6.5%
Ordinary income	961	1,118	157	16.3%
Extraordinary income	0	0	(0)	-
Extraordinary loss	40	30	(10)	(26.5)%
Income before income taxes	920	1,088	167	18.2%
Income taxes—current	666	879	213	32.0%
Income taxes—deferred	15	(28)	(44)	-
Minority interests in income	263	392	129	49.0%
Net income (loss)	(25)	(155)	(130)	-

Balance sheet

(Billions of yen)

Item of Increase/Decrease	May 31,2013	May 31,2014	Increase/ Decrease
Assets	75.6	72.4	(3.3)
Current assets	48.5	45.0	(3.5)
Cash and deposits	18.2	13.5	(4.7)
Notes and accounts receivable—trade	24.7	25.7	1.0
Noncurrent assets	27.1	27.3	0.3
Liabilities	48.4	45.6	(2.8)
Current liabilities	37.0	35.9	(1.0)
Accounts payable	2.5	1.4	(1.1)
Short-term loans payable	5.3	4.4	(0.9)
Other	12.8	14.1	1.3
Noncurrent liabilities	11.5	9.7	(1.8)
Long-term loans payable	6.5	4.8	(1.7)
Net assets	27.2	26.7	(0.4)
Shareholders' equity	20.6	20.2	(0.4)
Accumulated other comprehensive income	0.5	0.5	0.0
Minority interests	6.1	6.1	(0.0)
Treasury stock ratio	27.9%	28.6%	0.7pt

Item of Increase/Decrease

【 Cash and deposits 】

Decreased due to tax and repayments of loans payable

【 Long and short-term loans payable 】

Decreased due to repayments of loans payable

【 Retained earnings 】

Decreased due to income loss and cash dividends paid

Cash Flows

(Billion of yen)

Item of Increase/Decrease	Nov 30,2013	Nov 30,2014	Increase/ Decrease
Cash flows from operating activities	(2.2)	0.8	3.0
Income before income taxes	0.9	1.1	0.2
Depreciation and amortization	1.2	1.2	0.0
Amortization of goodwill	0.4	0.5	0.1
Increase of account receivable	(1.0)	(1.0)	0.0
decrease of account payable	(1.0)	(1.8)	(0.7)
Increase of consumption taxes payable	(0.0)	1.9	1.9
Payments for income taxes etc.	(1.3)	(0.9)	0.4
Other	(1.3)	(0.3)	1.0
Cash flows from investing activities	(2.5)	(1.8)	0.7
Purchase of property, plant and equipment	(0.4)	(0.8)	(0.4)
Purchase of intangible fixed assets	(0.6)	(0.9)	(0.2)
Purchase of investment securities	(0.9)	(0.2)	0.7
Payments for purchase of subsidiaries stock	(0.4)	0.0	0.4
Cash flows from financing activities	(0.3)	(3.9)	(3.6)
Repayment of short-term loans payable	0.0	(0.4)	(0.4)
Proceeds from long-term loans payable	2.0	0.0	(2.0)
Repayment of long-term loans payable	(1.3)	(2.2)	(0.9)
Payments made to dividend	(0.7)	(0.8)	(0.1)
Cash and cash equivalents at the end of the period	19.9	18.0	(1.9)
Cash and cash equivalents at the end of the period	15.1	13.3	(1.8)
Free cash flows	(4.7)	(1.0)	3.6

Item of Increase/Decrease

【 Income before income taxes 】

Increased in income before income taxes

【 Accrued consumption taxes 】

Because of the increase in Japan's consumption tax, the amount of the difference between inflows of tax received and interim tax payments has increased

【 Property, plant and equipment and intangible assets 】

Investments in new businesses and core systems

【 Investment securities 】

In the previous period, Pasona invested in the Cool Japan Fund Inc

【 Proceeds from long-term loans payable 】

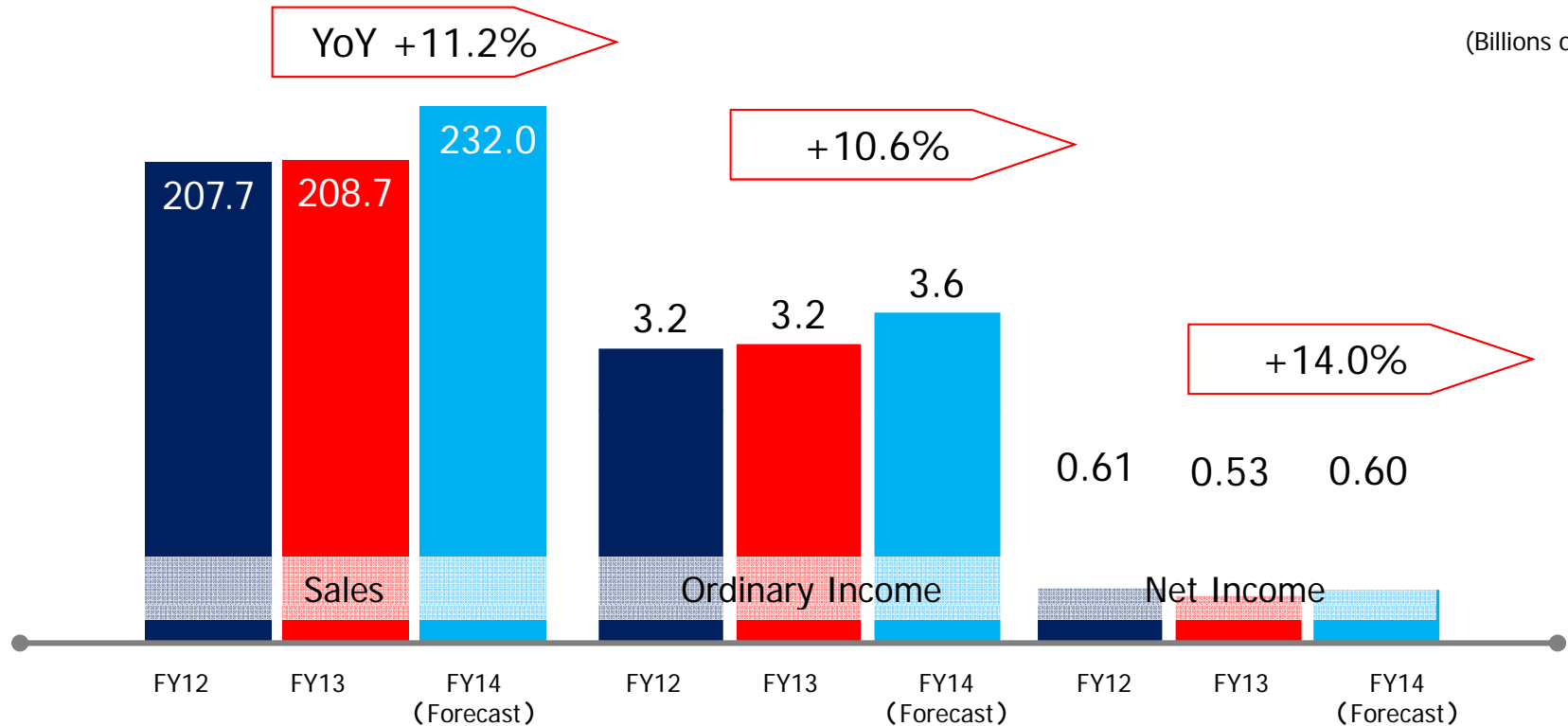
In the previous period, funds were raised through long-term loans payable

【 Loans payable 】

Repayments of short-term and long-term loans payable

FY2014 Consolidated Forecasts

(Billions of yen)



(Millions of yen)	FY12	to net sales %	FY13	to net sales %	FY14 Forecast	to net sales %	vs FY13 Increase/Decrease	YoY
Net sales	207,685	100.0	208,660	100.0	232,000	100.0	23,339	11.2%
Cost of sales	167,609	80.7	168,420	80.7	186,200	80.3	17,779	10.6%
Gross profit	40,075	19.3	40,239	19.3	45,800	19.7	5,560	13.8%
SG&A expenses	36,898	17.8	37,029	17.7	42,250	18.2	5,220	14.1%
Operating income	3,176	1.5	3,210	1.5	3,550	1.5	339	10.6%
Ordinary income	3,187	1.5	3,135	1.5	3,550	1.5	414	13.2%
Net income	610	0.3	526	0.3	600	0.3	73	14.0%

FY2014 Consolidated Forecasts by Segment

(Millions of yen)

Segment	Sales				Operating income (loss)			
	FY13	FY14 Forecast	VS FY13 Increase/Decrease	YoY	FY13	FY14 Forecast	VS FY13 Increase/Decrease	YoY
Expert Services	124,280	138,650	14,369	11.6%	2,872	3,610	737	25.7%
Insourcing	39,527	42,880	3,352	8.5%				
HR Consulting, others	4,663	5,050	386	8.3%				
Place & Search	3,430	4,720	1,289	37.6%				
Global Sourcing	3,668	4,560	891	24.3%				
Subtotal	175,569	195,860	20,290	11.6%				
Outplacement	10,350	8,770	(1,580)	(15.3)%	993	300	(693)	(69.8)%
Outsourcing	20,356	23,500	3,143	15.4%	3,074	3,540	465	15.1%
Life Solutions Public Solutions Shared	5,401	5,690	288	5.3%	17	(90)	(107)	-
Eliminations and Corporate	(3,017)	(1,820)	1,197	-	(3,748)	(3,810)	(61)	-
Consolidated	208,660	232,000	23,339	11.2%	3,210	3,550	339	10.6%

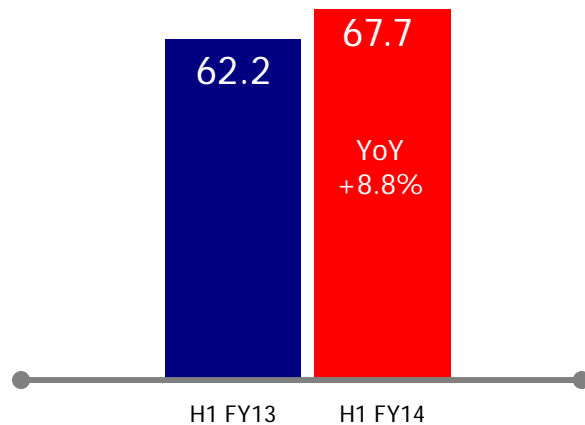
Segment information

Expert Services (Temporary staffing)

Net Sales

※ Segment figures include intersegment sales

(Billions of yen)



Sales by Staffing Type

※ Figures exclude intersegment sales

(Millions of yen)

	H1 FY13	H1 FY14	YoY
Clerical	33,740	34,509	2.3%
Technical	14,134	16,710	18.2%
IT engineering	8,956	10,827	20.9%
Sales and Marketing	2,927	3,188	8.9%
Other Expert Services	2,313	2,324	0.5%
Total	62,072	67,561	8.8%

Business Conditions

● H1 result

Sales increased due in part to the contribution of PASONA MEDICAL INC. Major expansion in the technical field as a result of our concentration on education for temporary staff

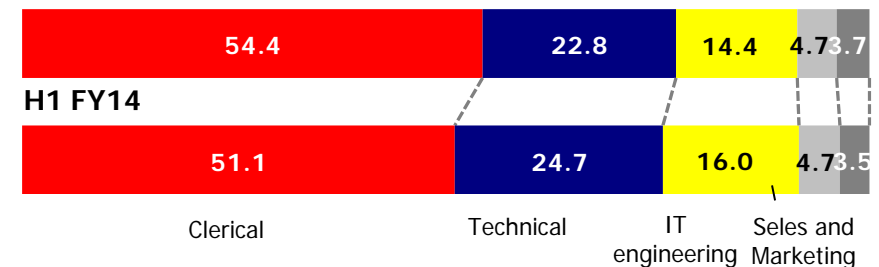
● H2 plan

Put greater emphasis on supporting skill improvement of temporary staff. Strengthening specialized human resources through collaboration with external partners

Sales Composition

H1 FY13

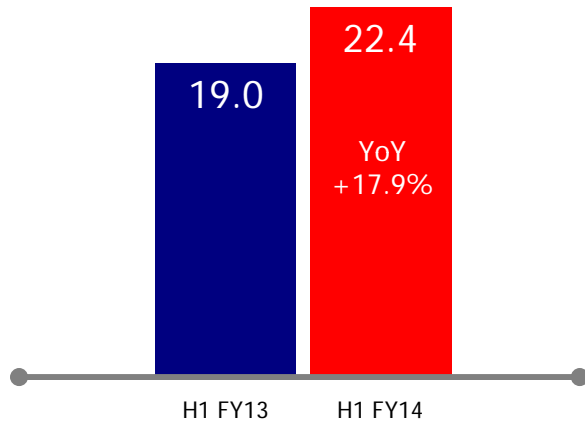
(%)



In sourcing (Contracting)

Net Sales

(Billions of yen)

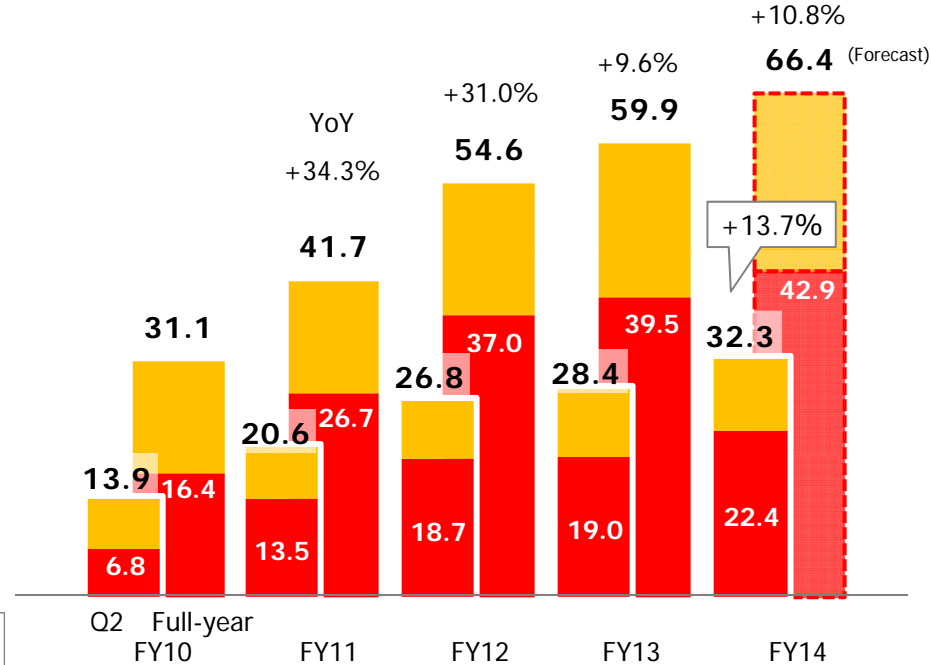


BPO Sales

(Billions of yen)

■ In sourcing

■ Outsourcing
(Benefit One Inc.)



Business Conditions

● H1 result

Sales increase due to lateral business expansion in the private sector. In the public sector, sales from support for women's return to work ("on-ramping") and orders for public affairs work increased

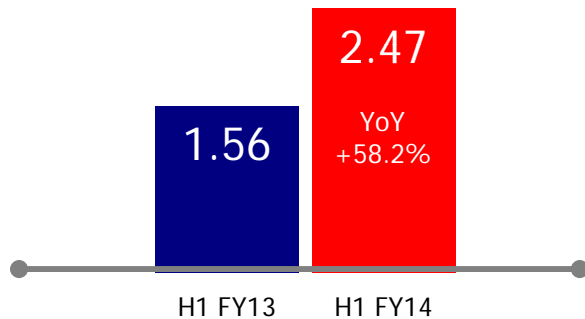
● H2 plan

Increased sophistication of proposals, including internalizing of IT and other specialized workers. Aiming to increase the scope of services offered to the public sector

Place & Search (Placement / Recruiting)

Net Sales

(Billions of yen)



Business Conditions

● H1 result

Substantial increase in sales from expansion in hiring in a broad range of industries.

Number of persons registered increased after forming a team to support women changing their jobs and renewal of our Website

● H2 plan

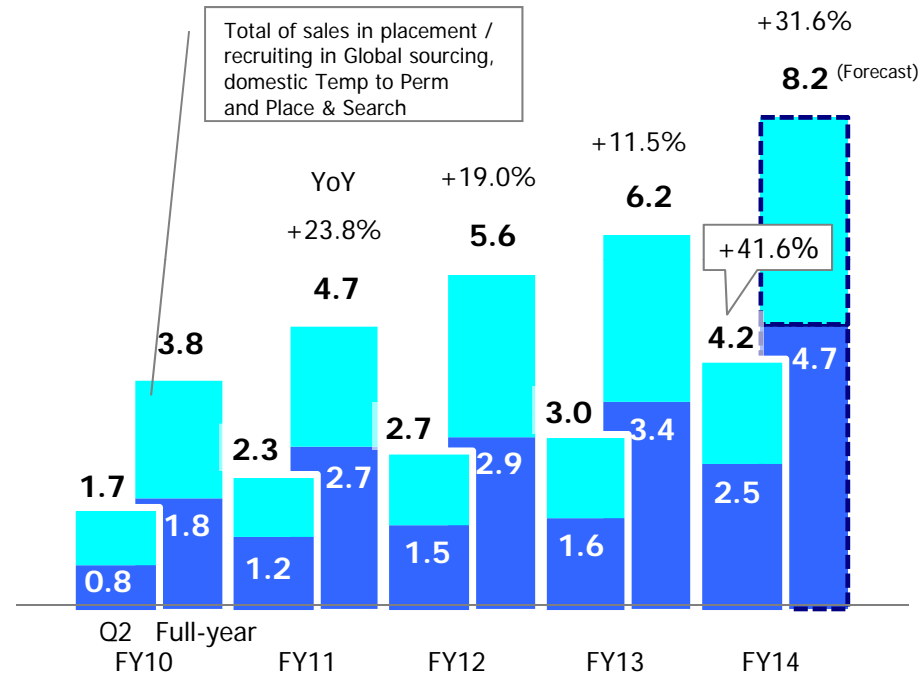
Demand for personnel is expected to continue to be firm.

Began to provide services for introducing outside directors to companies

Placement and Recruiting Sales

(Billions of yen)

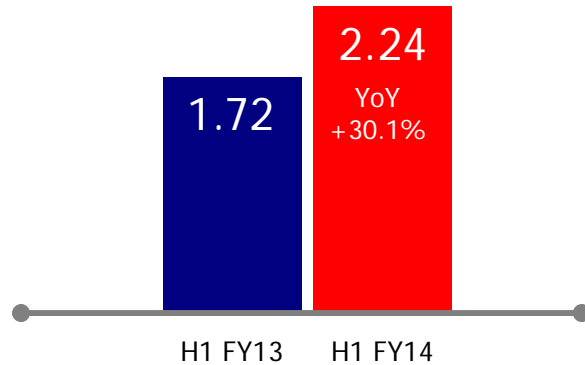
■ Place & Search



Global Sourcing (Overseas)

Net Sales

(Billions of yen)



Business Conditions

● H1 result

Demand for personnel remains strong from Japanese companies. Due to success in expanding personnel and other measures, all categories, including temporary staffing, placement, and others, increased

● H2 plan

Strengthening Outsourcing services (Contracting), including consulting to Japanese companies for setting up overseas subsidiaries and providing assistance for obtaining visas

Sales by Business Segment

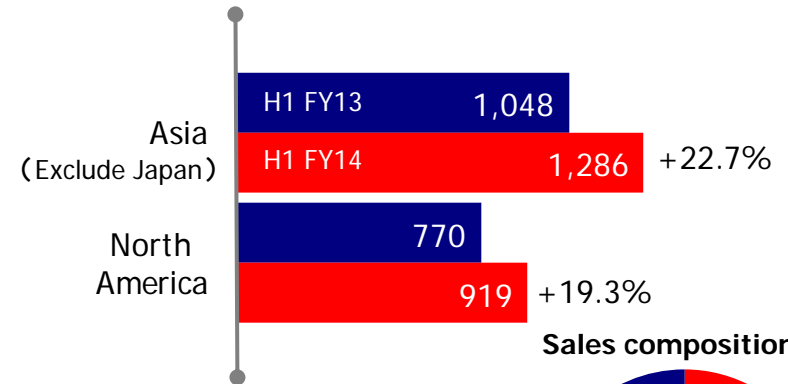
(Millions of yen)

	H1 FY13	H1 FY14	YoY
Temporary Staffing	617	799	29.6%
Placement / Recruiting	707	823	16.3%
Contracting (Payroll, others)	368	420	14.0%
Others	26	194	636.2%
Total	1,720	2,238	30.1%

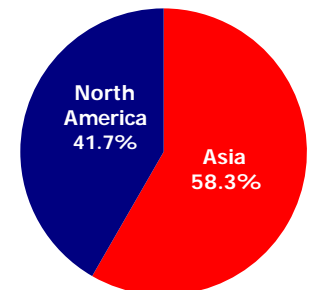
These figures include the effects of shifting Pasona Education from the Life Solutions segment to the Global Sourcing (Overseas) segment from the beginning of the period

Sales by Region

(Millions of yen)



Sales composition



Outplacement

Net Sales

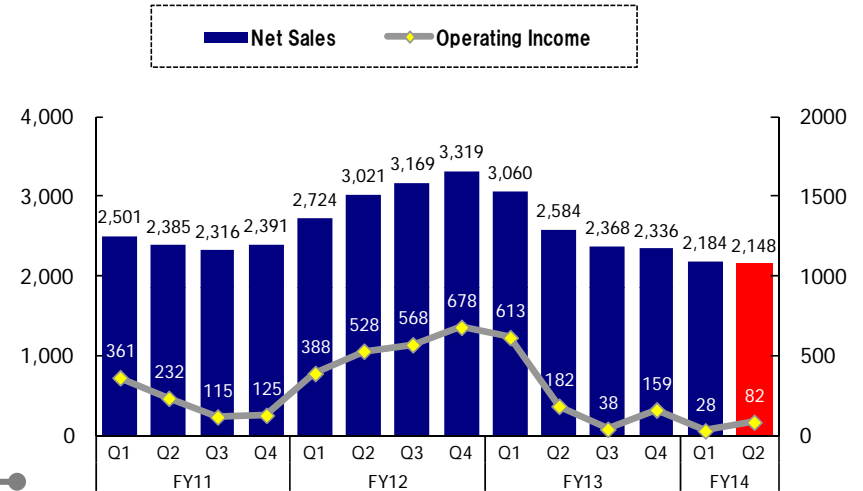
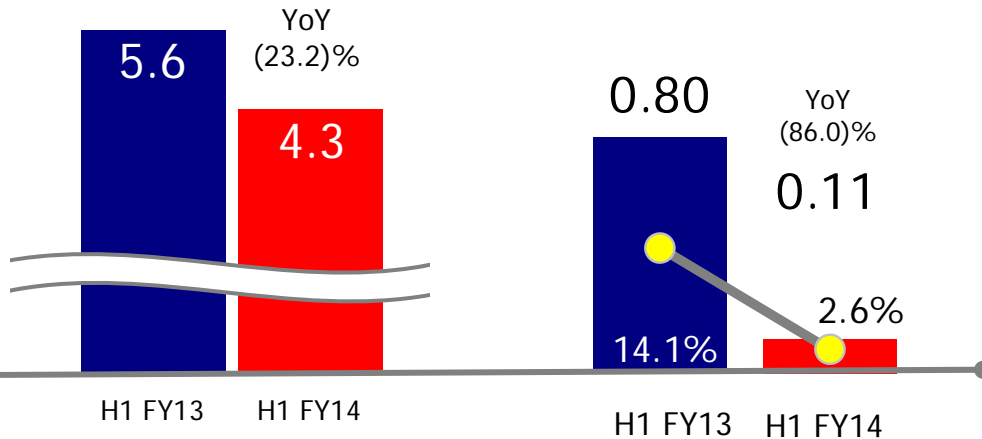
Along with the quicker and definitive turnaround in the placement of service users, the proportional allocation of sales under contracts without definite ending dates shortened from 10 months to 9 months

Operating Income, Operating Income Margin

(Billions of yen)

Quarterly Sales and Operating Income

(millions of yen)



Business Conditions

H1 result

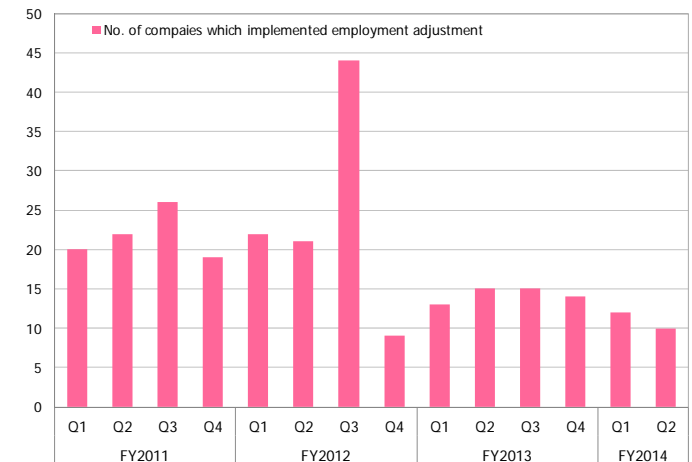
Level of orders continuing to decline along with economic recovery. Projects becoming smaller and sales are declining

H2 plan

Quicker and definitive turnaround in the placement of service users due to in-depth career counseling and other factors

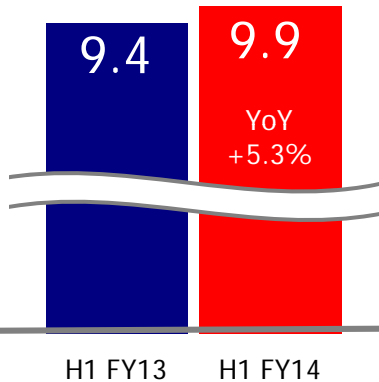
Companies Announcing Employment Adjustments

(Companies)



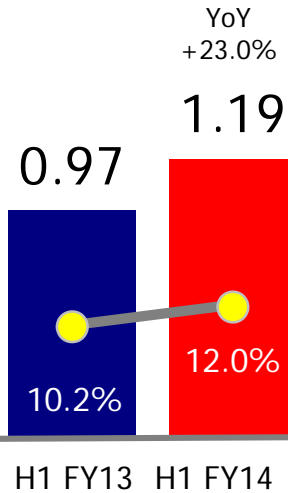
Outsourcing (Benefit One Inc.)

Net Sales



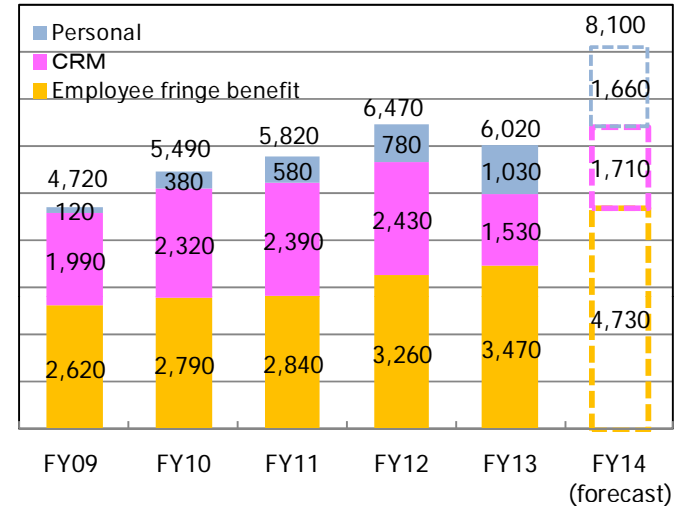
Operating Income, Operating Income Margin

(Billions of yen)



Benefit One Membership

(Thousands people)



Business Conditions

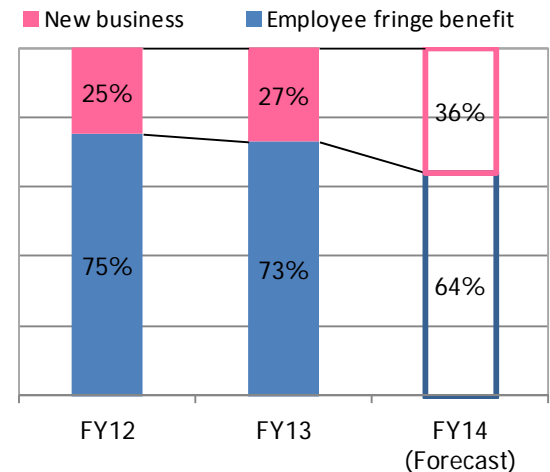
H1 result

Actively promoting diversification initiatives. Cultivating demand among small and mid-sized companies, Steady increase in members

H2 plan

In addition to diversifying our sources of earnings, we will focus on entering the B-to-C businesses

Diversification of Income



Regional Revitalization Business

Comprehensive Strategy for Creating Cities, Human Resources, and Jobs

The Japanese Cabinet decided on this comprehensive strategy as well as an economic policy on December 27, 2014

① Strengthen the functions of regional offices

- Encouraging work away from main offices (satellite offices, telework)
- Relocating government offices in regional areas

② Return human resources to regional areas and train human resources

- Upgrading regional work support centers and commencing their operations
- Putting professional human resource centers into action, etc.

③ Strengthen competitiveness of regional industries (create new jobs)

- Transforming agriculture, forestry, and fishing into growth industries
- Promoting regional tourism, hometown specialty products, culture, art, and other activities

Activities of Pasona Group

① Strengthen the functions of regional offices

Business for assisting housewives working at home

Cloud sourcing to make working at home possible (Job-Hub)

② Return human resources to regional areas and train human resources

Business for attracting entrepreneurs and “recycling” human resources

Business for training human resource coordinators for small and medium-sized enterprises (SMEs) in regional areas

Business for training local human resources

New !

M (Mission) Turn

③ Strengthen competitiveness of regional industries (create new jobs)

Awajishima-Project

Farm support business

etc

Promote businesses aimed at revitalizing regional communities

Providing steady support for regional development

New ! **Kyoto**

KYO-TANGO

Human resource Employment Creation

Culture

TOHOKU Employment Creation

Human resource support for disaster-stricken areas
⇒ Supporting about **3,000** persons

 **Tohoku Future Strategy Fund formed**

Hyogo **AWAJI**

Human resource **Challenge Farm** (since 2008)

Cococala Mura Project (since 2011)

Employment Creation **Nojima Scuola** (since 2012)

Human resource **Manabi no Sato** (since 2014)

Oita **BEPPU**

 **Benefit one**

Health 『Benefit for you』
Health & Beauty

Culture Industry and Regional development

KYOTANGO Tango Ajiwai no Sato

Received **new project** from Kyoto
Size of facilities: **100,000 tsubo**
(Approx. 330,578 square meters)



People



Food



Training



Market for freshly delivered goods from producing areas



Farmers' restaurants



Human resource training facilities



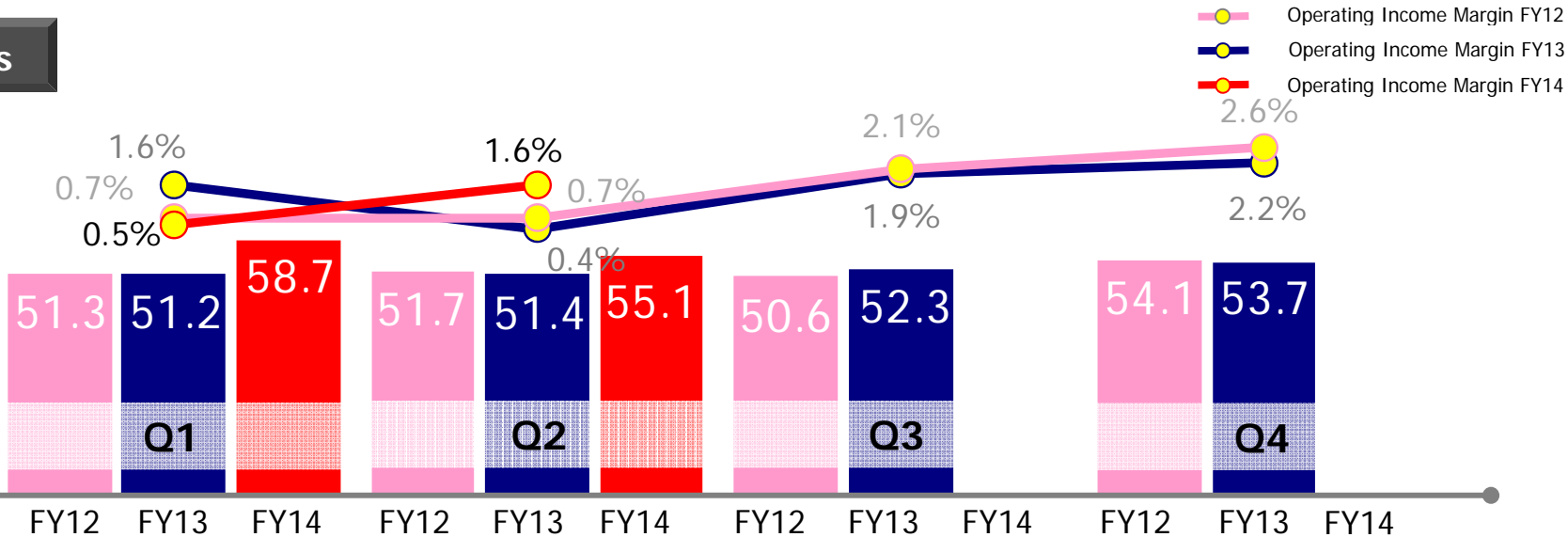
Development of businesses related to health and food culture

Reference

Quarterly Earnings Trends

Net Sales

(Billions of yen)



(Millions of yen)

	Q1 (June to August)					Q2 (September to November)					Q3 (December to February)			Q4 (March to May)		
	FY12	FY13	YoY	FY14	YoY	FY12	FY13	YoY	FY14	YoY	FY12	FY13	YoY	FY12	FY13	YoY
	Consolidated															
Net sales	51,270	51,212	(0.1)%	58,727	+14.7%	51,705	51,406	(0.6)%	55,078	+7.1%	50,585	52,319	+3.4%	54,123	53,721	(0.7)%
Gross profit	9,517	10,032	+5.4%	11,450	+14.1%	9,553	9,377	(1.8)%	11,010	+17.4%	10,022	10,133	+1.1%	10,982	10,695	(2.6)%
SG&A expenses	9,181	9,197	+0.2%	11,130	+21.0%	9,174	9,174	+0.0%	10,135	+10.5%	8,984	9,125	+1.6%	9,557	9,531	(0.3)%
Operating income	335	834	+149.0%	320	(61.6)%	379	203	(46.4)%	875	+330.5%	1,037	1,008	(2.8)%	1,424	1,163	(18.3)%
Ordinary income	330	798	+141.5%	286	(64.2)%	362	163	(54.9)%	832	+410.3%	1,010	995	(1.5)%	1,483	1,178	(20.5)%
Net income (loss)	(193)	103	-	(253)	-	(260)	(128)	-	97	-	160	37	(76.7)%	904	513	(43.2)%
Gross profit margin	18.6%	19.6%	+1.0pt	19.5%	(0.1)pt	18.5%	18.2%	(0.3)pt	20.0%	+1.8pt	19.8%	19.4%	(0.4)pt	20.3%	19.9%	(0.4)pt
SG&A expense ratio	17.9%	18.0%	+0.1pt	19.0%	+1.0pt	17.7%	17.8%	+0.1pt	18.4%	+0.6pt	17.8%	17.4%	(0.4)pt	17.7%	17.7%	+0.0pt
Operating income margin	0.7%	1.6%	+0.9pt	0.5%	(1.1)pt	0.7%	0.4%	(0.3)pt	1.6%	+1.2pt	2.1%	1.9%	(0.2)pt	2.6%	2.2%	(0.4)pt
Ordinary income margin	0.6%	1.6%	+1.0pt	0.5%	(1.1)pt	0.7%	0.3%	(0.4)pt	1.5%	+1.2pt	2.0%	1.9%	(0.1)pt	2.7%	2.2%	(0.5)pt
Net income margin	-	0.2%	-	-	-	-	-	-	0.2%	-	0.3%	0.1%	(0.2)pt	1.7%	1.0%	(0.7)pt

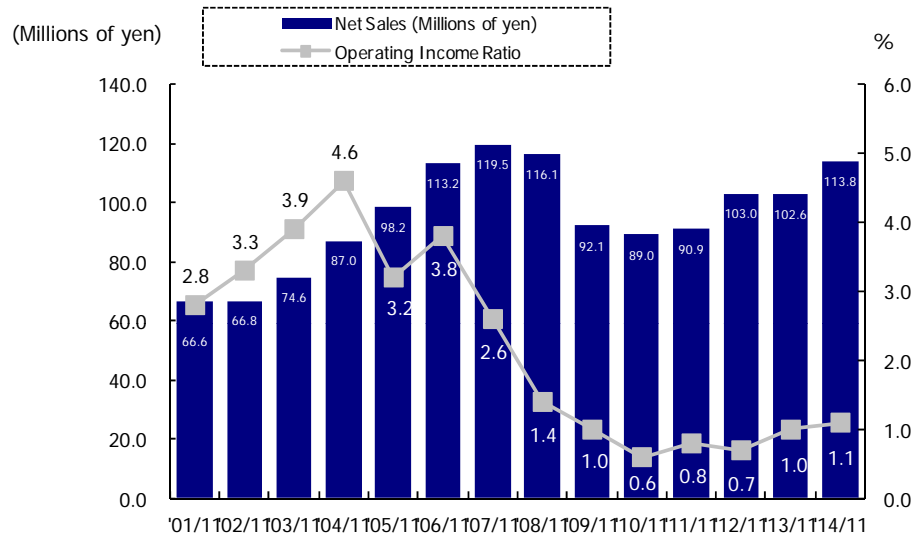
Quarterly Earnings Trends by Segment

(Millions of yen)

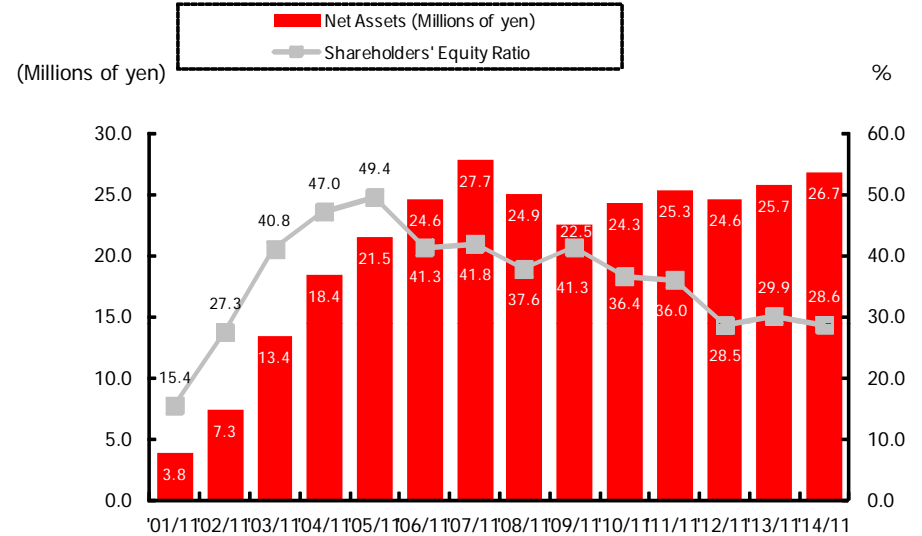
	Segment	Sales						YoY	Operating income						
		Q1 FY13	Q2 FY13	Q3 FY13	Q4 FY13	Q1 FY14	Q2 FY14		Q1 FY13	Q2 FY13	Q3 FY13	Q4 FY13	Q1 FY14	Q2 FY14	YoY
1	Expert Services	31,169	31,029	30,362	31,718	35,211	32,486	4.7%	653	519	761	937	779	1,179	127.0%
2	Insourcing	9,327	9,640	10,570	9,989	11,372	10,990	14.0%							
3	HR Consulting, others	1,013	1,022	1,254	1,371	1,356	1,335	30.6%							
4	Place & Search	762	796	810	1,061	1,201	1,264	58.8%							
5	Global Sourcing	866	853	1,014	933	1,088	1,149	34.6%							
Subtotal		43,140	43,342	44,012	45,075	50,230	47,225	9.0%							
6	Outplacement	3,060	2,584	2,368	2,336	2,184	2,148	(16.9)%	613	182	38	159	28	82	(54.7)%
7	Outsourcing	4,552	4,883	5,282	5,637	4,852	5,083	4.1%	530	435	1,079	1,030	572	615	41.5%
8	Life Solutions Public Solutions Shared	1,194	1,353	1,431	1,422	1,926	1,119	(17.3)%	(19)	27	50	(41)	(58)	24	(11.0)%
9	Eliminations and Corporate	(735)	(756)	(775)	(749)	(465)	(499)	-	(944)	(961)	(921)	(921)	(1,001)	(1,027)	-
10	Total	51,212	51,406	52,319	53,721	58,727	55,078	7.1%	834	203	1,008	1,163	320	875	330.5%

H1 Key Indicators

Net Sales and Operating Income Ratio



Net Assets and Shareholders' Equity Ratio



First Half Results

Key Indicators	'01/11	'02/11	'03/11	'04/11	'05/11	'06/11	'07/11	'08/11	'09/11	'10/11	'11/11	'12/11	'13/11	'14/11
Net Sales	66,593	66,822	74,641	87,016	98,247	113,202	119,516	116,086	92,069	88,994	90,880	102,976	102,619	113,805
Gross Profit Margin	17.6%	18.9%	20.1%	20.6%	19.8%	20.3%	20.4%	20.0%	19.2%	18.2%	18.3%	18.5%	18.9%	19.7%
SG&A Expenses	9,823	10,386	12,091	13,905	16,290	18,654	21,274	21,598	16,784	15,640	15,922	18,355	18,372	21,265
SG&A Expense Ratio	14.8%	15.6%	16.2%	16.0%	16.6%	16.5%	17.8%	18.6%	18.2%	17.6%	17.5%	17.8%	17.9%	18.7%
Operating Income	1,878	2,211	2,892	3,982	3,123	4,314	3,071	1,598	905	533	724	714	1,038	1,195
Operating Income Ratio	2.8%	3.3%	3.9%	4.6%	3.2%	3.8%	2.6%	1.4%	1.0%	0.6%	0.8%	0.7%	1.0%	1.1%
Ordinary Income	1,738	2,086	2,707	3,990	3,103	4,392	3,145	1,803	933	580	744	692	961	1,118
Ordinary Income Ratio	2.6%	3.1%	3.6%	4.6%	3.2%	3.9%	2.6%	1.6%	1.0%	0.7%	0.8%	0.7%	0.9%	1.0%
Net Income (Loss)	822	931	1,272	2,319	1,482	2,073	1,063	203	(1,696)	(549)	75	(454)	(25)	(155)
Net Income Ratio	1.2%	1.4%	1.7%	2.7%	1.5%	1.8%	0.9%	0.2%	-	-	0.1%	-	-	-
Total Assets	24,808	26,796	32,759	39,150	43,526	49,918	55,216	52,670	42,866	55,084	57,480	68,768	68,524	72,357
Net Assets *1	3,824	7,316	13,374	18,381	21,509	24,573	27,736	24,939	22,497	24,260	25,295	24,619	25,743	26,744
Shareholders' Equity Ratio *2	15.4%	27.3%	40.8%	47.0%	49.4%	41.3%	41.8%	37.6%	41.3%	36.4%	36.0%	28.5%	29.9%	28.6%
Current Ratio	117.0%	122.7%	146.9%	177.2%	182.0%	152.3%	150.8%	136.4%	148.1%	190.7%	172.4%	144.4%	139.0%	125.3%

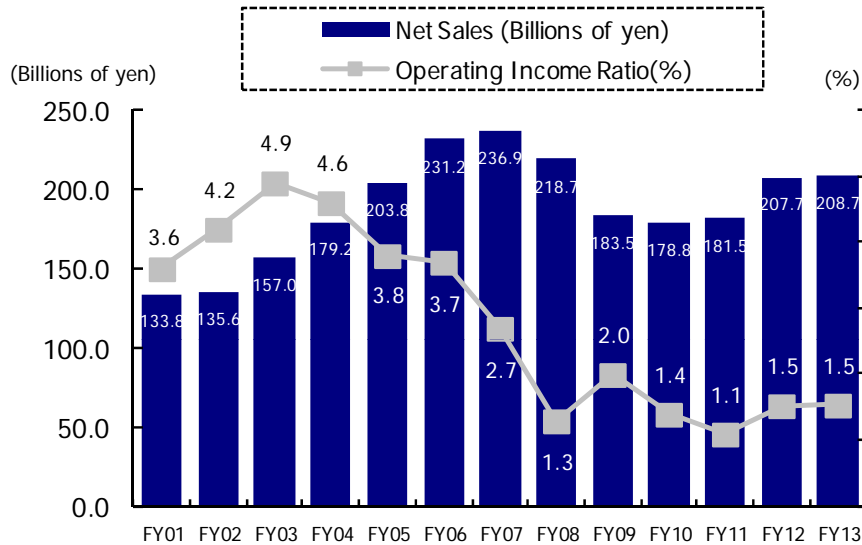
Notes: 1. Presentation of shareholders' equity amended to a net assets basis in line with changes to accounting standards and policies. Minority interests included in presentation of net assets since the fiscal year ended May 31, 2007.

2. Despite changes in calculation methods for net assets following the introduction of changes to accounting standards and policies, the shareholders' equity ratio since the fiscal year ended May 31, 2007 is calculated utilizing an amount equivalent to net assets applicable to common shares.

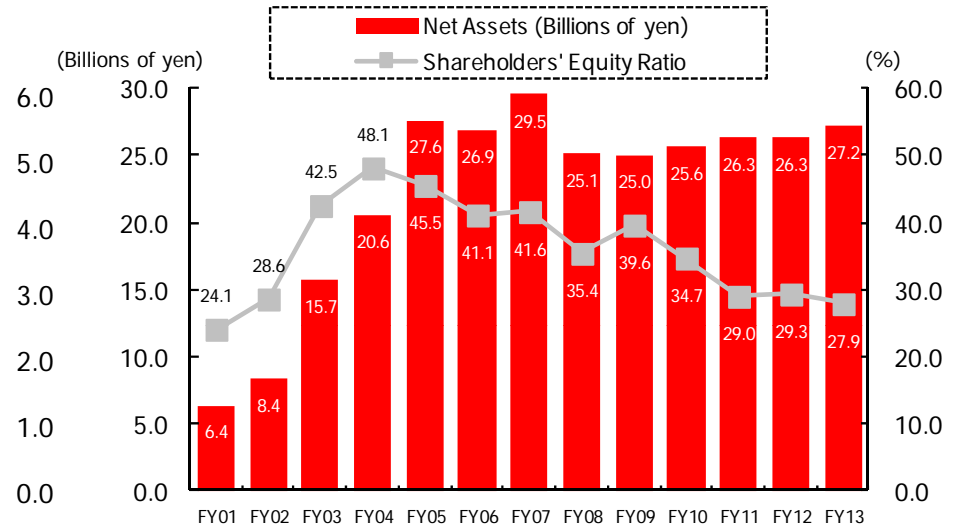
3. For '01/11-'06/11, Pasona Inc. consolidated business results have been used for comparative purposes.

Full-Year Key Indicators

Net Sales and Operating Income Ratio



Net Assets and Shareholders' Equity Ratio



Results

Key Indicators	'02/05	'03/05	'04/05	'05/05	'06/05	'07/05	'08/05	'09/05	'10/05	'11/05	'12/05	'13/05	'14/05
Net Sales	133,822	135,625	156,979	179,156	203,815	231,231	236,945	218,699	183,515	178,806	181,498	207,685	208,660
Gross Profit Margin	18.2%	19.7%	20.9%	20.8%	20.2%	20.3%	20.8%	19.9%	20.0%	18.8%	18.6%	19.3%	19.3%
SG&A Expenses	19,557	21,058	25,104	28,992	33,491	38,542	42,925	40,735	33,070	31,125	31,840	36,898	37,029
SG&A Expense Ratio	14.6%	15.5%	16.0%	16.2%	16.4%	16.6%	18.1%	18.6%	18.0%	17.4%	17.5%	17.8%	17.7%
Operating Income	4,786	5,687	7,648	8,238	7,745	8,507	6,444	2,850	3,660	2,432	1,964	3,176	3,210
Operating Income Ratio	3.6%	4.2%	4.9%	4.6%	3.8%	3.7%	2.7%	1.3%	2.0%	1.4%	1.1%	1.5%	1.5%
Ordinary Income	4,222	5,373	7,329	8,289	7,844	8,807	6,637	3,361	4,044	2,571	2,091	3,187	3,135
Ordinary Income Ratio	3.2%	4.0%	4.7%	4.6%	3.8%	3.8%	2.8%	1.5%	2.2%	1.4%	1.2%	1.5%	1.5%
Net Income	1,974	2,027	3,647	4,363	3,588	4,198	2,962	312	204	412	29	610	526
Net Income Ratio	1.5%	1.5%	2.3%	2.4%	1.8%	1.8%	1.3%	0.1%	0.1%	0.2%	0.0%	0.3%	0.3%
Total Assets	26,526	29,425	37,004	42,884	51,931	54,425	58,513	55,468	52,269	60,564	70,889	71,276	75,615
Net Assets *1	6,388	8,418	15,732	20,644	27,634	26,904	29,468	25,148	24,979	25,642	26,295	26,253	27,181
Shareholders' Equity Ratio *2	24.1%	28.6%	42.5%	48.1%	45.5%	41.1%	41.6%	35.4%	39.6%	34.7%	29.0%	29.3%	27.9%
Current Ratio	121.6%	122.3%	160.2%	182.8%	170.8%	152.1%	154.2%	129.6%	163.3%	175.2%	154.7%	141.8%	131.3%
Number of Employees (exclude contract workers)	1,537	1,687	1,979	2,204	2,608	3,126	3,647	3,671	3,643	3,956	4,452	4,778	5,022

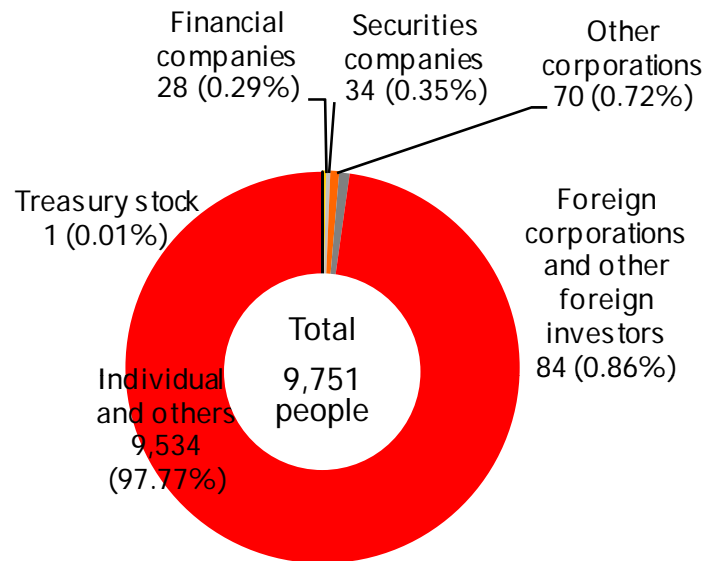
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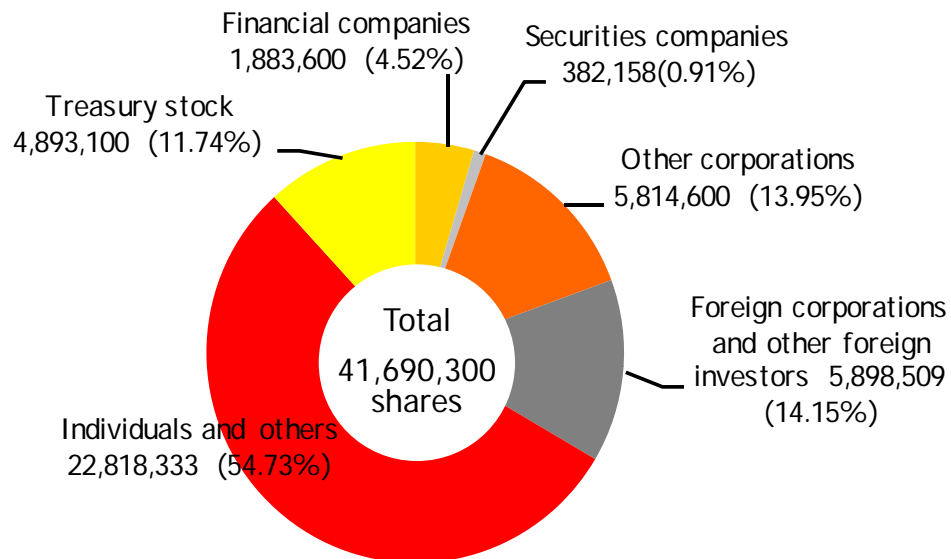
3. The data for the periods up to and including the fiscal year ended May 31, 2007 are consolidated data for Pasona Inc. The data for the periods commencing the fiscal year ended May 31, 2008 and beyond are consolidated data for Pasona Group Inc.

Stock Information (As of November 30, 2014)

Breakdown of Shareholders by Type



Breakdown of Shareholders by Number of Share Held



Principal Shareholders

	No. of Shares Held	%
Yasuyuki Nambu	14,763,200	35.41%
Pasona Group Inc.	4,893,100	11.74%
Nambu Enterprise Inc.	3,737,800	8.97%
BNY GCM Client Account JPRD AC ISG (FE-AC)	1,493,342	3.58%
Credit Suisse AG Hong Kong Trust A/C Client	1,227,000	2.94%
Sanrio Company, Ltd.	1,155,500	2.77%
Goldman Sachs International	922,122	2.21%
Pasona Group Employees' Shareholding Association	692,400	1.66%
The Bank of New York-JASDEC Treaty Account	531,800	1.28%
Northern Trust Co. (AVFC) Re 15PCT Treaty Account	462,400	1.11%

1. The Company's treasury stock (4,893,100 shares, 11.74% of total issued shares) ranked second. In accordance with Article 308.2 of the Corporations Law, there are no voting rights attached to treasury stock.
2. The Company conducted a 1:100 stock split on common stock with an effective date of December 1, 2013, at the same time, adopted a unit share system that set unit share at 100 shares.

Group Companies (by segment)

Expert Services

Inourcing

HR Consulting, Education and Training, Others

Pasona Inc.	Pasona Language Inc.
Pasona Tech, Inc.	KIS Co.,Ltd.
Pasona Okayama Inc.	CAPLAN Corporation
Pasona Logicom Inc.	Yaskawa Business Staff Corporation
Pasona Marketing Inc.	Bewith, Inc.
Pasona Agri-Partners Inc.	Asahi Beer Communications Co, Ltd.
ECOLOVE Inc.	Pasona Medical Inc.
Nihon Employment Creation Organization Inc.	
Pasona Tech Systems Inc.	e-Staffing Co., Ltd.*
Pasona Tquila Inc.*	

Place & Search

Pasona Inc.	Pasona Fortune Inc.
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Global Sourcing

Pasona N A, Inc.	PASONA CANADA, INC.
Pasona Taiwan Co., Ltd.	Pasona Singapore Pte. Ltd.
PASONA ASIA CO., LIMITED	PT Pasona HR Indonesia
Pasona Korea Co., Ltd.	Pasona Education Co. Limited
TEAM PASONA INDIA COMPANY LIMITED	
MGR Search and Selection CO., Ltd.	
Pasona Human Resources (Shanghai) Co., Ltd.	
Pasona HR Consulting Recruitment (Thailand) Co., Ltd.	
Pasona Tech Vietnam Co., Ltd	Other 2 companies

Outplacement

Pasona Inc.

Outsourcing

Benefit One Inc.	
Benefit one Health care Inc.	
Benefit One Solutions Inc.	
Benefit One Asia Pte. Ltd.	
Benefit One Shanghai Inc.	
Benefit One USA, Inc.	
Chunghwa Benefit One Co., Ltd.*	
National Examination Center Inc.*	Other 1 company *

Life Solutions

Pasona Foster Inc.
Pasona Life Care Inc.

Public Solutions

Pasona Heartful Inc.
Pasona Furusato Incubation Inc.

● Consolidated subsidiaries 42, Equity-method affiliates 5*

Tokyo Stock Exchange, 1st Section 2168

Corporate Name	Pasona Group Inc.	
Headquarters	Shin Marunouchi Bldg. 1-5-1, Marunouchi, Chiyoda-ku, Tokyo 100-6514	<u>Comprehensive Group office</u> Otemachi 2-6-4 Chiyoda-ku, Tokyo 100-8228 Phone 03-6734-0200
Established	December 3, 2007 (Founding February 1976)	
Paid-in Capital	5,000 million yen	
Representative	Yasuyuki Nambu	
Business Activities	Expert Services (Temporary staffing), Insourcing (Contracting), HR Consulting , education and training, others Place & Search (Placement/Recruiting) Global Sourcing (Overseas) Outplacement Outsourcing Life Solutions, Public Solutions, Shared	
Number of Employees	6,316 (Consolidated, including contract workers) (As of May 31, 2014)	
Group Companies	Subsidiaries 42, Affiliates 5	
URL	www.pasonagroup.co.jp/english/	