

## CONSOLIDATED FINANCIAL REPORT (Japanese GAAP)

### FY2013 (June 1, 2013 to May 31, 2014)

Listing stock exchange: The First Section of the Tokyo Stock Exchange  
 Securities code number: 2168  
 URL: <http://www.pasonagroup.co.jp>  
 Representative: Yasuyuki Nambu, Group CEO and President  
 For further information contact: Yuko Nakase, Managing Director and CFO Tel. +81-3-6734-0200  
 Date of the Annual General Meeting of shareholders: August 28, 2014  
 Scheduled payment date of cash dividends: August 29, 2014  
 Scheduled filing date of the securities report: August 29, 2014  
 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	
		%		%		%		%
FY2013	208,660	0.5	3,210	1.1	3,135	(1.6)	526	(13.8)
FY2012	207,685	14.4	3,176	61.7	3,187	52.4	610	1,969.4

(Note) Comprehensive income FY2013: ¥1,554 million (-3.6%) FY2012: ¥1,611 million (137.2%)

	Net Income per Share	Diluted Net Income per Share	Return on Equity	Ordinary Income to Total Assets	Operating Income to Net Sales
	Yen	Yen	%	%	%
FY2013	14.05	14.04	2.5	4.1	1.5
FY2012	16.30	16.27	2.9	4.5	1.5

(Reference) Equity in earnings of unconsolidated subsidiaries and affiliates FY2013: ¥(92) million FY2012: ¥48 million

(Note)

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. Net income per share has been calculated as if the stock split was conducted at the beginning of the previous fiscal year.

### (2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio (%)	Net Assets per Share (Yen)
May 31, 2014	75,615	27,181	27.9	571.37
May 31, 2013	71,276	26,253	29.3	558.50

(Reference) Equity As of May 31, 2014: ¥21,097 million As of May 31, 2013: ¥20,915 million

(Note) Net assets per share has been calculated as if the stock split was conducted at the beginning of the previous fiscal year.

### (3) Consolidated Cash Flows

	Operating Activities	Investing Activities	Financing Activities	Cash and Cash Equivalents, End of Period
FY2013	1,639	(4,910)	1,180	18,021
FY2012	5,877	(4,532)	(4,285)	19,948

## 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			
FY2012	—	0.00	—	1,000.00	1,000.00	374	61.3%	1.8%
FY2013	—	0.00	—	10.00	10.00	374	71.2%	1.8%
FY2014(Forecast)	—	0.00	—	12.00	12.00		73.8%	

(Note) If adjusted to reflect the number of shares prior to the stock split, FY2013 dividend amount is equivalent to ¥1,000.

### 3. FORECAST OF RESULTS FOR THE FISCAL YEAR ENDING MAY 31, 2015

FY2014 (June 1, 2014 to May 31, 2015)

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
FY2014 First Half	115,500	12.6	650	(37.4)	650	(32.4)	(350)	—	(9.48)
FY2014 Full Fiscal Year	232,000	11.2	3,550	10.6	3,550	13.2	600	14.0	16.25

### 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

i. Changes of accounting principles in line with revisions to accounting and other standards: Yes

ii. Changes of accounting principles other than 1) above: None

iii. Changes in accounting estimates: None

iv. Retrospective restatement: None

(Note) For further information, please refer to “Changes in Accounting Policies” in “(6) Notes to Consolidated Financial Statements.”

(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, 2014: 41,690,300 shares      May 31, 2013: 41,690,300 shares

ii. The number of treasury stock as of the period-end

May 31, 2014: 4,765,957 shares      May 31, 2013: 4,240,100 shares

iii. Average number of shares for the period

FY2013: 37,448,759 shares      FY2012: 37,450,200 shares

(Note) No. of shares issued and outstanding (common stock) has been calculated as if the stock split was conducted at the beginning of the previous fiscal year.

### (Reference) NON-CONSOLIDATED BUSINESS RESULTS

FY2013 (June 1, 2013 to May 31, 2014)

#### (1) Non-Consolidated Financial Results

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

	Net Sales		Operating Income		Ordinary Income		Net Income	
	%		%		%		%	
FY2013	5,742	(11.8)	460	28.8	297	62.0	569	1,501.4
FY2012	6,510	20.2	357	217.8	183	154.4	35	(85.1)

	Net Income per Share	Diluted Net Income per Share
	Yen	Yen
FY2013	15.21	—
FY2012	0.95	—

(Note) Net income per share has been calculated as if the stock split was conducted at the beginning of the previous fiscal year.

#### (2) Non-Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio (%)	Net Assets per Share (Yen)
May 31, 2014	43,555	15,094	34.7	403.06
May 31, 2013	42,088	14,899	35.4	397.85

(Reference) Equity as of May 31, 2014: ¥15,094 million      As of May 31, 2013: ¥14,899 million

(Note) Net assets per share has been calculated as if the stock split was conducted at the beginning of the previous fiscal year.

# FY2013 Consolidated Financial Report

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### 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 for a variety of reasons.

# FY2013 Consolidated Financial Report

(June 1, 2013 - May 31, 2014)

## 1. Information Concerning Consolidated Business Results

### (1) Consolidated Business Results

(Millions of yen)

	FY2012	FY2013	YoY
Net sales	207,685	208,660	0.5%
Operating income	3,176	3,210	1.1%
Ordinary income	3,187	3,135	(1.6)%
Net income	610	526	(13.8)%

### Segment Information (Figures include intersegment sales)

#### Consolidated Net Sales by Segment

(Millions of yen)

	FY2012	FY2013	YoY
<b>HR Solutions</b>	206,773	206,276	(0.2)%
Expert Services (Temporary staffing), Insourcing (Contracting), Others	176,928	175,569	(0.8)%
Expert Services (Temporary staffing)	129,720	124,280	(4.2)%
Insourcing (Contracting)	37,007	39,527	6.8%
HR Consulting, Education & Training, Others	4,094	4,663	13.9%
Place & Search (Placement / Recruiting)	2,869	3,430	19.5%
Global Sourcing (Overseas)	3,236	3,668	13.3%
Outplacement	12,235	10,350	(15.4)%
Outsourcing	17,610	20,356	15.6%
<b>Life Solutions</b>			
<b>Public Solutions</b>	3,933	5,401	37.3%
<b>Shared</b>			
Eliminations and Corporate	(3,021)	(3,017)	—
Total	207,685	208,660	0.5%

#### Consolidated Operating Income (loss) by Segment

(Millions of yen)

	FY2012	FY2013	YoY
<b>HR Solutions</b>	7,522	6,941	(7.7)%
Expert Services (Temporary staffing), Insourcing (Contracting), Others	2,661	2,872	7.9%
Expert Services (Temporary staffing)			
Insourcing (Contracting)			
HR Consulting, Education & Training, Others	2,661	2,872	7.9%
Place & Search (Placement / Recruiting)			
Global Sourcing (Overseas)			
Outplacement	2,164	993	(54.1)%
Outsourcing	2,696	3,074	14.0%
<b>Life Solutions</b>			
<b>Public Solutions</b>	(46)	17	—
<b>Shared</b>			
Eliminations and Corporate	(4,299)	(3,748)	—
Total	3,176	3,210	1.1%

**(2) Outlook for the Fiscal Year Ending May 31, 2015**

**Consolidated Business Results Forecast**

(Millions of yen)

	FY2013	FY2014 Forecast	YoY
Net sales	208,660	232,000	11.2%
Operating income	3,210	3,550	10.6%
Ordinary income	3,135	3,550	13.2%
Net income	526	600	14.0%

**Segment Information** (Figures include intersegment sales)

**Forecasts of Sales by Segment**

(Millions of yen)

	FY2013	FY2014 Forecast	YoY
<b><i>HR Solutions</i></b>	206,276	228,130	10.6%
Expert Services (Temporary staffing), Insourcing (Contracting), Others	175,569	195,860	11.6%
Expert Services (Temporary staffing)	124,280	138,650	11.6%
Insourcing (Contracting)	39,527	42,880	8.5%
HR Consulting, Education & Training, Others	4,663	5,050	8.3%
Place & Search (Placement / Recruiting)	3,430	4,720	37.6%
Global Sourcing (Overseas)	3,668	4,560	24.3%
Outplacement	10,350	8,770	(15.3)%
Outsourcing	20,356	23,500	15.4%
<b><i>Life Solutions, Public Solutions</i></b>	5,401	5,690	5.3
Eliminations and Corporate	(3,017)	(1,820)	—
<b>Total</b>	<b>208,660</b>	<b>232,000</b>	<b>11.2%</b>

**Forecasts of Operating Income (Loss) by Segment**

(Millions of yen)

	FY2013	FY2014 Forecast	YoY
<b><i>HR Solutions</i></b>	6,941	7,450	7.3%
Expert Services (Temporary staffing), Insourcing (Contracting), Others	2,872	3,610	25.7%
Expert Services (Temporary staffing)			
Insourcing (Contracting)			
HR Consulting, Education & Training, Others	2,872	3,610	25.7%
Place & Search (Placement / Recruiting)			
Global Sourcing (Overseas)			
Outplacement	993	300	(69.8)%
Outsourcing	3,074	3,540	15.1%
<b><i>Life Solutions, Public Solutions</i></b>	17	(90)	—
Eliminations and Corporate	(3,748)	(3,810)	—
<b>Total</b>	<b>3,210</b>	<b>3,550</b>	<b>10.6%</b>

### **(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, 2014 stood at ¥75,615 million, a rise of ¥4,339 million, or 6.1%, compared with the end of the previous fiscal year.

This result was mainly due to cash and deposits decreased by ¥2,368 million, notes and accounts receivable-trade increased by ¥2,385 million, goodwill increased by ¥1,109 million, software rose by ¥681 million, investment securities rose by ¥1,286 million as well as net defined benefit asset grew by ¥565 million.

##### **(2) Liabilities**

Total liabilities as of May 31, 2014 stood at ¥48,434 million, increased ¥3,411 million, or 7.6%, compared with the end of the previous fiscal year.

This mainly reflected short-term loans payable increased by ¥2,300 million and long-term loans payable increased by ¥848 million.

##### **(3) Net Assets**

Net assets as of May 31, 2014 stood at ¥27,181 million, an increase of ¥927 million, or 3.5%, compared with the end of the previous fiscal year.

This mainly reflected net income of ¥526 million, an increase of ¥746 million in minority interests and a rise in remeasurements of defined benefit plans of ¥314 million. These were partly offset by the payment of cash dividends totaling ¥374 million and an increase of treasury stock totaling ¥334 million.

Accounting for the aforementioned, the equity ratio as of May 31, 2014 declined 1.4 percentage points to 27.9% compared with the end of the previous fiscal year.

#### **Status of Cash Flows**

Cash and cash equivalents (hereafter “net cash”) as of May 31, 2014 decreased by ¥1,927 million compared with the end of the previous fiscal year to ¥18,021 million.

##### **(1) Cash Flows from Operating Activities**

Net cash provided by operating activities for the fiscal year ended May 31, 2014 amounted to ¥1,639 million. (For FY2012, provided by ¥5,877 million)

Major cash inflows included income before income taxes totaling ¥3,071 million (¥3,204 million for FY2012), depreciation and amortization totaling ¥2,365 million (¥2,632 million for FY2012), amortization of goodwill totaling ¥886 million (¥680 million for FY2012) as well as an increase in net defined benefit liability of ¥1,139 million.

The principal cash outflows were decrease in provision for retirement benefits totaling ¥1,202 million (For FY2012, an increase of ¥266 million), an increase in notes and accounts receivable—trade totaling ¥1,533 million (For FY2012, a decrease of ¥588 million) as well as income taxes paid amounting to ¥2,316 million. (¥1,677 million for FY2012)

##### **(2) Cash Flows from Investing Activities**

Net cash used in investing activities for the fiscal year ended May 31, 2014 amounted to ¥4,910 million. (For FY2012, used in ¥4,532 million)

Principal cash outflows were purchase of property, plant and equipment totaling ¥798 million (¥2,585 million for FY2012), purchase of intangible assets totaling ¥1,378 million (¥998 million for FY2012), purchase of investment securities totaling ¥1,262 million. (¥843 million for FY2012) as well as purchase of investments in subsidiaries resulting in change in scope of consolidation totaling ¥1,202 million.

### (3) Cash Flows from Financing Activities

Net cash used in financing activities for the fiscal year ended May 31, 2014 amounted to ¥1,180 million.  
(For FY2012, used in ¥4,285 million)

Major cash inflow was proceeds from long-term loans payable totaling ¥5,300 million. Principal cash outflows were repayment of long-term loans payable amounting to ¥2,982 million (¥2,606 million for FY2012), repayments of finance lease obligations amounting to ¥634 million (¥502 million for FY2012) and cash dividends paid totaling ¥373 million. (¥373 million for FY2012)

#### (Reference) Cash Flow Benchmarks

	FY2009	FY2010	FY2011	FY2012	FY2013
Equity ratio	39.6%	34.7%	29.0%	29.3%	27.9%
Equity ratio based on market capitalization	42.1%	44.8%	29.1%	31.5%	24.1%
Ratio of interest-bearing debt to cash flows (years)	1.9	1.5	3.9	1.9	8.8
Interest coverage ratio	27.5	36.0	23.7	31.6	9.8

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 FY2013 and FY2014

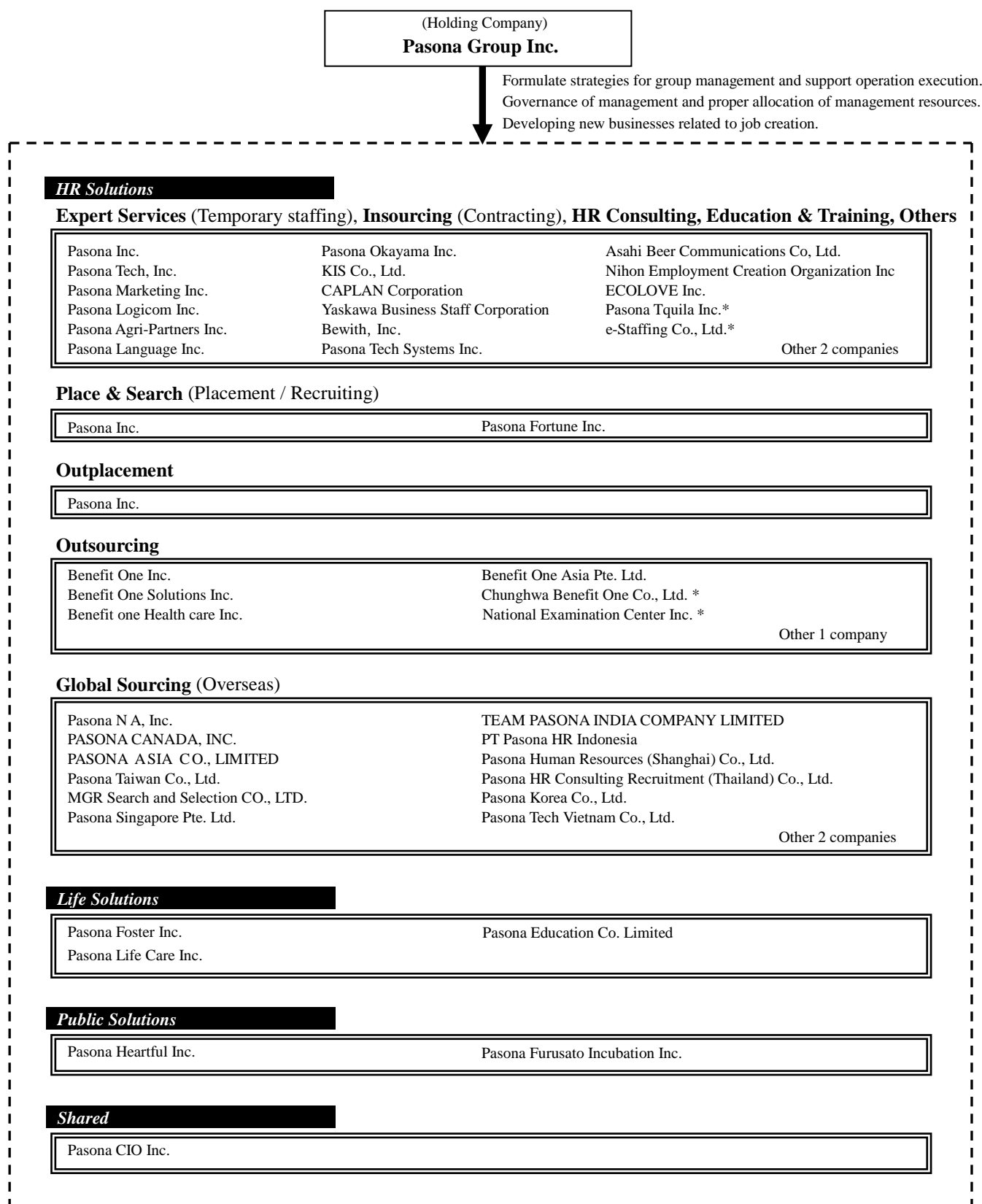
In connection with the appropriation of profits, the Company takes into consideration the funds required to engage in new businesses and capital investments aimed at fulfilling the Company's responsibilities to continuously develop the growing human resources business market, to strengthen the Company's 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, 2014 of ¥10 per share following ratification at a Board of Directors' meeting held on July 11, 2014.

Regarding dividends for the fiscal year ending May 31, 2015, the Company does not plan to pay an interim cash dividend because a net loss is forecast for the first half period. The Company does however intend to pay a period-end cash dividend of ¥12 per share, an increase of ¥2 per share from the current fiscal year.

## 2. Information on Group Companies

The Pasona Group is comprised of Pasona Group Inc., its 42 consolidated subsidiaries and 5 affiliated companies accounted for by the equity method as of May 31, 2014. Major Group companies according to their principal business activity are listed as follows.



Note: For multiple businesses, only the principal business is disclosed.

\* Equity-method affiliate

All other unmarked companies are consolidated subsidiaries.



### 3. Consolidated Financial Statements

#### (1) Consolidated Balance Sheets

(Millions of yen)

	As of May 31, 2013		As of May 31, 2014	
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and deposits		20,572		18,203
Notes and accounts receivable—trade		22,280		24,666
Short-term investment securities		203		203
Inventories	*1	511	*1	679
Deferred tax assets		1,117		1,054
Income taxes receivable		290		382
Other		2,914		3,411
Allowance for doubtful accounts		(53)		(56)
<b>Total current assets</b>		<b>47,836</b>		<b>48,545</b>
<b>Noncurrent assets</b>				
Property, plant and equipment				
Buildings	*2	6,496	*2	6,631
Accumulated depreciation		(3,035)		(3,483)
<b>Buildings, net</b>		<b>3,461</b>		<b>3,147</b>
Land		1,434		1,556
Lease assets		3,828		4,151
Accumulated depreciation		(1,257)		(1,779)
<b>Lease assets, net</b>		<b>2,571</b>		<b>2,371</b>
Other	*2	3,342	*2	3,724
Accumulated depreciation		(2,340)		(2,458)
<b>Other, net</b>		<b>1,001</b>		<b>1,266</b>
<b>Total property, plant and equipment</b>		<b>8,468</b>		<b>8,342</b>
Intangible assets				
Goodwill		4,063		5,173
Software		2,212		2,893
Lease assets		87		118
Customer assets		1,182		1,036
Other		167		151
<b>Total intangible assets</b>		<b>7,714</b>		<b>9,373</b>
Investments and other assets				
Investment securities	*3	1,560	*3	2,846
Long-term loans receivable		153		138
Net defined benefit asset		—		565
Deferred tax assets		727		734
Lease and guarantee deposits		4,321		4,577
Other		848		838
Allowance for doubtful accounts		(14)		(10)
Allowance for investment loss		(340)		(335)
<b>Total investments and other assets</b>		<b>7,256</b>		<b>9,353</b>
<b>Total noncurrent assets</b>		<b>23,439</b>		<b>27,069</b>
<b>Total assets</b>		<b>71,276</b>		<b>75,615</b>

	As of May 31, 2013	As of May 31, 2014
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Accounts payable—trade	2,282	2,547
Short-term loans payable	3,005	5,306
Lease obligations	568	640
Accounts payable—other	3,280	3,849
Accrued expenses	12,119	12,884
Income taxes payable	1,535	1,121
Accrued consumption taxes	1,430	1,939
Unearned revenue	3,421	2,141
Provision for bonuses	2,113	2,268
Provision for directors' bonuses	15	22
Asset retirement obligations	8	18
Other	3,957	4,227
<b>Total current liabilities</b>	<b>33,737</b>	<b>36,967</b>
<b>Noncurrent liabilities</b>		
Bonds payable	—	56
Long-term loans payable	5,655	6,503
Lease obligations	2,091	1,919
Provision for retirement benefits	1,614	—
Net defined benefit liability	—	1,139
Deferred tax liabilities	574	425
Asset retirement obligations	821	835
Other	527	586
<b>Total noncurrent liabilities</b>	<b>11,284</b>	<b>11,467</b>
<b>Total liabilities</b>	<b>45,022</b>	<b>48,434</b>
<b>NET ASSETS</b>		
Shareholders' equity		
Capital stock	5,000	5,000
Capital surplus	6,054	6,054
Retained earnings	13,283	13,402
Treasury stock	(3,493)	(3,827)
<b>Total shareholders' equity</b>	<b>20,845</b>	<b>20,629</b>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	85	82
Foreign currency translation adjustment	(14)	70
Remeasurements of defined benefit plans	—	314
<b>Total accumulated other comprehensive income</b>	<b>70</b>	<b>467</b>
Minority interests	5,337	6,083
<b>Total net assets</b>	<b>26,253</b>	<b>27,181</b>
<b>Total liabilities and net assets</b>	<b>71,276</b>	<b>75,615</b>

**(2) Consolidated Statements of Income**

(Millions of yen)

	FY2012 (For the fiscal year ended May 31, 2013)		FY2013 (For the fiscal year ended May 31, 2014)	
Net sales		207,685		208,660
Cost of sales		167,609		168,420
Gross profit		40,075		40,239
Selling, general and administrative expenses	*1	36,898	*1	37,029
Operating income		3,176		3,210
Non-operating income				
Interest income		12		25
Equity in earnings of affiliates		48		—
Subsidy income		111		106
Rent expenses on real estates		31		50
Other		108		123
Total non-operating income		313		305
Non-operating expenses				
Interest expenses		182		167
Equity in losses of affiliates		—		92
Commitment fee		38		38
Other		82		81
Total non-operating expenses		302		380
Ordinary income		3,187		3,135
Extraordinary income				
Gain on sales of investment securities		—		0
Gain on sales of subsidiaries and affiliates' stocks		246		0
Gain on change in equity		14		—
Other		1		—
Total extraordinary income		263		0
Extraordinary loss				
Loss on sales and retirement of noncurrent assets	*2	60	*2	41
Impairment loss	*3	169		15
Loss on change in equity		—		1
Other		15		6
Total extraordinary loss		246		64
Income before income taxes		3,204		3,071
Income taxes—current		2,119		1,840
Income taxes—deferred		(325)		(218)
Income taxes		1,793		1,622
Income before minority interests		1,410		1,449
Minority interests in income		799		923
Net income		610		526

**(3) Consolidated Statements of Comprehensive Income**

	(Millions of yen)	
	FY2012 (For the fiscal year ended May 31, 2013)	FY2013 (For the fiscal year ended May 31, 2014)
Income before minority interests	1,410	1,449
Other comprehensive income		
Valuation difference on available-for-sale securities	59	12
Foreign currency translation adjustment	141	93
Share of other comprehensive income of entities accounted for using equity method	—	(1)
Total other comprehensive income	*1 201	*1 104
Comprehensive income	1,611	1,554
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	789	599
Comprehensive income attributable to minority interests	822	954

#### (4) Consolidated Statements of Changes in Shareholders' Equity

FY2012 (For the fiscal year ended May 31, 2013)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of current period	5,000	6,054	13,075	(3,493)	20,636
Changes of items during the period					
Dividends from surplus			(374)		(374)
Net income			610		610
Change of scope of consolidation			(27)		(27)
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	—	208	—	208
Balance at the end of current period	5,000	6,054	13,283	(3,493)	20,845

	Total accumulated other comprehensive income			Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of current period	40	(134)	(93)	5,752	26,295
Changes of items during the period					
Dividends from surplus					(374)
Net income					610
Change of scope of consolidation					(27)
Net changes of items other than shareholders' equity	45	119	164	(414)	(250)
Total changes of items during the period	45	119	164	(414)	(41)
Balance at the end of current period	85	(14)	70	5,337	26,253

FY2013 (For the fiscal year ended May 31, 2014)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of current period	5,000	6,054	13,283	(3,493)	20,845
Changes of items during the period					
Dividends from surplus			(374)		(374)
Net income			526		526
Purchase of treasury stock				(334)	(334)
Change of scope of consolidation			(33)		(33)
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	—	118	(334)	(215)
Balance at the end of current period	5,000	6,054	13,402	(3,827)	20,629

	Total accumulated other comprehensive income				Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	85	(14)	—	70	5,337	26,253
Changes of items during the period						
Dividends from surplus						(374)
Net income						526
Purchase of treasury stock						(334)
Change of scope of consolidation						(33)
Net changes of items other than shareholders' equity	(2)	85	314	397	746	1,143
Total changes of items during the period	(2)	85	314	397	746	927
Balance at the end of current period	82	70	314	467	6,083	27,181

**(5) Consolidated Statements of Cash Flows**

(Millions of yen)

	FY2012 (For the fiscal year ended May 31, 2013)	FY2013 (For the fiscal year ended May 31, 2014)
Net cash provided by (used in) operating activities		
Income before income taxes	3,204	3,071
Depreciation and amortization	2,632	2,365
Impairment loss	169	15
Amortization of goodwill	680	886
Increase (decrease) in allowance for doubtful accounts	(19)	(5)
Increase (decrease) in allowance for investment loss	—	(4)
Increase (decrease) in provision for bonuses	106	75
Increase (decrease) in provision for directors' bonuses	(2)	6
Increase (decrease) in provision for retirement benefits	266	(1,202)
Increase (decrease) in net defined benefit liability	—	1,139
Decrease (increase) in net defined benefit asset	—	(565)
Interest and dividends income	(23)	(35)
Interest expenses	182	167
Subsidy income	(111)	(106)
Equity in (earnings) losses of affiliates	(48)	92
Loss (gain) on change in equity	(14)	1
Loss (gain) on sales and retirement of noncurrent assets	59	41
Loss (gain) on sales of stocks of subsidiaries and affiliates	(246)	(0)
Decrease (increase) in notes and accounts receivable—trade	588	(1,533)
Decrease (increase) in inventories	6	(163)
Decrease (increase) in other assets	(577)	(459)
Increase (decrease) in operating debt	(15)	513
Increase (decrease) in accrued consumption taxes	74	533
Increase (decrease) in other liabilities	590	(847)
Other	29	1
Subtotal	7,528	3,986
Interest and dividends income received	34	45
Interest expenses paid	(185)	(167)
Proceeds from subsidy	177	90
Income taxes paid	(1,677)	(2,316)
Net cash provided by operating activities	5,877	1,639

(Millions of yen)

	FY2012 (For the fiscal year ended May 31, 2013)	FY2013 (For the fiscal year ended May 31, 2014)
Net cash provided by (used in) investment activities		
Decrease (increase) in time deposits	(572)	582
Purchase of property, plant and equipment	(2,585)	(798)
Proceeds from sales of property, plant and equipment	2	0
Purchase of intangible assets	(998)	(1,378)
Purchase of investment securities	(843)	(1,262)
Proceeds from sales of investment securities	—	4
Purchase of investments in subsidiaries resulting in change in scope of consolidation	—	*2 (1,202)
Proceeds from purchase of investments in subsidiaries resulting in change in scope of consolidation	117	—
Purchase of investments in subsidiaries	(177)	(62)
Proceeds from sales of investments in subsidiaries	402	0
Payments of loans receivable	(220)	(6)
Collection of loans receivable	49	24
Payments for lease and guarantee deposits	(394)	(401)
Proceeds from collection of lease and guarantee deposits	673	257
Payments for transfer of business	—	(597)
Other	15	(71)
Total net cash used in investment activities	(4,532)	(4,910)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	(100)	17
Proceeds from long-term loans payable	—	5,300
Repayment of long-term loans payable	(2,606)	(2,982)
Proceeds from sale and leaseback	994	28
Repayments of finance lease obligations	(502)	(634)
Proceeds from stock issuance to minority shareholders	136	187
Payments made to trust account	(1,405)	—
Cash dividends paid	(373)	(373)
Cash dividends paid for minority	(452)	(362)
Other	25	—
Total net cash provided by (used in) financing activities	(4,285)	1,180
Effect of exchange rate change on cash and cash equivalents	103	82
Net increase in cash and cash equivalents	(2,836)	(2,008)
Cash and cash equivalents at the beginning of the period	22,739	19,948
Increase in cash and cash equivalents resulting from change of scope of consolidation	234	80
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	(187)	—
Cash and cash equivalents at the end of the period	*1 19,948	*1 18,021



## (6) Notes to Consolidated Financial Statement

(Notes to Going Concern Assumption)

None

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

### 1. Scope of Consolidation

#### i) Consolidated subsidiaries: 42 companies

Leading consolidated subsidiaries Pasona Inc.  
Benefit One Inc.  
Pasona Tech, Inc.  
CAPLAN Corporation  
Bewith, Inc.

New consolidated subsidiaries : 6 companies

Increase of significance	Pasona Tech Systems Inc. *1
Establishment	Benefit One Asia Pte. Ltd. Pasona HR Malaysia Sdn. Bhd.
Stock acquisition	Support Corporation ECOLOVE Inc. Medical Associa Inc.

Exclusion from the scope of consolidation : 2 companies

Pasona Dotank Inc. \*2  
Pasona MIC, Inc. \*3

\*1 Pasona Tech Systems Inc. changed its corporate name from ARGO. Co., Ltd.

\*2 Pasona Dotank Inc. merged with Pasona Inc. and expired.

\*3 Pasona MIC, Inc. merged with Pasona N A, Inc. and expired.

#### ii) Non-consolidated subsidiary

No. of non-consolidated subsidiaries : 14 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

No. of affiliated companies that are accounted for by the equity method : 5 companies

No. of non-consolidated subsidiaries and affiliated companies not accounted for by the equity method :  
14 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.

(Changes in Accounting Policies)

"Accounting Standard for Retirement Benefits" (ASBJ Statement No.26, issued on May 17, 2012, hereinafter referred to as the "Retirement Benefits Accounting Standard") and the "Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No. 25, issued on May 17, 2012, hereafter referred as the Guidance on Retirement Benefits) have been applied from this fiscal year except for the section 35 of the Retirement Benefits Accounting Standard and the section 67 of the Guidance on Retirement Benefits. Accordingly, net defined benefit asset and liability are recorded by deducting pension assets from defined

benefit obligations and unrecognized actuarial gains and losses are recorded in net defined benefit asset and liability.

With regard to application of Accounting Standard for Retirement Benefits, the effect of changes is adjusted to remeasurement of defined benefit plan in the other comprehensive income at the end of this fiscal year in accordance with the transitional treatment stipulated in section 37 of the Retirement Benefits Accounting Standard.

As a result, in the current fiscal year, net defined benefit asset was ¥565 million, net defined benefit liability was ¥1,139 million and other comprehensive income increased by ¥314 million. Net assets per share at the end of the current consolidated fiscal year increased ¥8.53.

(Additional information)

(Consolidated taxation system)

Pasona Group Inc. and a portion of consolidated subsidiaries are approved to adopt the consolidated taxation system for the fiscal year beginning from June 1, 2014. Accordingly, income taxes for the year ended May 31, 2014 are accounted for based on the adoption of the consolidated taxation system for the fiscal year beginning from June 1, 2014 in accordance with ASBJ Practical Issues Task Force No. 5 and No. 7 issued on March 18, 2011 and June 30, 2010 (Accounting for income taxes in the adoption of consolidated taxation system), respectively.

(Adjustment in amount of deferred tax assets and deferred tax liabilities due to a change in the corporate tax rate)

The Law for Partial Revision of the Income Tax Act, etc., was released on March 31, 2014, and a special corporate tax for reconstruction will not be levied from the consolidated fiscal years starting April 1, 2014 and onward. As a result of this change, the statutory tax rate used for the calculation of deferred tax assets and deferred tax liabilities changed from 38.01% to 35.64% for temporary differences expected to reverse during the consolidated fiscal year starting from June 1, 2014.

As a result, deferred tax assets (the amount excluding deferred tax liabilities) have decreased by ¥73 million and the income tax adjustment recorded at the end of the current consolidated fiscal year increased ¥73 million.

(Notes to Consolidated Balance Sheets)

\*1 Breakdown of Inventories

	(Millions of yen)	
	As of May 31, 2013	As of May 31, 2014
Merchandise	404	555
Supplies	91	86
Work in process	13	34
Finished goods	0	1
Raw materials	—	1

\*2 Amount of noncurrent assets advanced depreciation in connection with the acceptance of government and other subsidies

	(Millions of yen)	
	As of May 31, 2013	As of May 31, 2014
Advanced depreciation amount	94	94
Buildings	8	8
Tangible assets	85	85

\*3 Shares in non-consolidated subsidiaries and affiliated companies

	(Millions of yen)	
	As of May 31, 2013	As of May 31, 2014
Investment securities (stocks)	788	1,139
Investment amount for the jointly-controlled companies	77	32

(Notes to Consolidated Statements of Income)

\*1 Breakdown of major selling, general and administrative expenses

	(Millions of yen)	
	FY2012	FY2013
Employees' salaries and bonuses	15,832	16,235
Provision for bonuses	1,219	1,534
Provision for directors' bonuses	15	23
Welfare expenses	3,197	3,451
Retirement benefit expenses	706	(179)
Offering expenses	888	910
Rent expenses	3,721	3,672
Depreciation	1,654	1,490
Provision of allowance for doubtful accounts	8	14
Amortization of goodwill	680	886

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

	(Millions of yen)	
	FY2012	FY2013
Loss on retirement	60	41
Buildings	46	28
Other tangible assets	7	5
Software	6	7
Lease assets (Intangible)	—	0
Loss on sales	0	0
Other tangible assets	0	0

\*3 Breakdown of major impairment losses

FY2012 (For the fiscal year ended May 31, 2013)

(1) Overview of asset groups in which impairment losses were recognized

Location	Application	Type
Chiyoda-ku, Tokyo	Operations management system	Software, lease assets and others

(2) Background leading to the recognition of impairment loss

In accordance with a resolution of the Board of Directors at a meeting held in June 2013, the Company resolved to transfer and consolidate existing operations management system to new one. Impairment loss is the book value of written down to the amount estimated as recoverable.

(3) Amount of impairment loss:

(Millions of yen)	
Type	Amount
Software	109
Buildings, others	42
Lease assets	10
Other assets	6
Total	169

The recoverable amount for asset groups is calculated based on the net sales value. The income approach and other methods are used to calculate the net sales value for assets that are transferable. For assets that are not transferable, net sales value is zero reflecting the difficulty of their sale.

(4) Grouping of assets

In principle, the Group adopts each individual company as the basic unit for asset groupings and the smallest unit in independent cash flow generation.

FY2013 (For the fiscal year ended May 31, 2014)

Omitted due to lack of importance.

(Notes to Consolidated Statements of Comprehensive Income)

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

	(Millions of yen)	
	FY2012	FY2013
Valuation difference on available-for-sale securities		
Amount recognized during the period	93	19
Reclassification adjustments	(0)	(0)
Before income tax effect	93	19
Amount of income tax effect	(33)	(6)
Valuation difference on available-for-sale securities	59	12
Foreign currency translation adjustment		
Amount recognized during the period	141	93
Reclassification adjustments	141	93
Foreign currency translation adjustment	141	93
Share of other comprehensive income of entities accounted for using equity method		
Amount recognized during the period	—	(1)
Share of other comprehensive income of entities accounted for using equity method	—	(1)
Total amount of other comprehensive income	201	104

(Notes to Consolidated Statements of Changes in Shareholders' Equity)

FY2012 (For the fiscal year ended May 31, 2013)

1. Matters Relating to Shares Issued and Outstanding (Shares)

Type of Shares	Number of Shares As of June 1, 2012	Increase	Decrease	Number of Shares As of May 31, 2013
Common shares	416,903	—	—	416,903

2. Matters Relating to Treasury Stock (Shares)

Type of Shares	Number of Shares As of June 1, 2012	Increase	Decrease	Number of Shares As of May 31, 2013
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 13, 2012	Common shares	¥374 million	¥1,000	May 31, 2012	August 22, 2012

(2) Dividends whose record date falls in the current fiscal year but whose effective date comes in the following fiscal year

Resolution	Type of Shares	Source of Dividend	Total Cash Dividends Paid	Cash Dividend per Common Share	Base Date	Effective Date
Board of Directors' meeting held on July 12, 2013	Common shares	Retained earnings	¥374 million	¥1,000	May 31, 2013	August 20, 2013

FY2013 (For the fiscal year ended May 31, 2014)

1. Matters Relating to Shares Issued and Outstanding

(Shares)

Type of Shares	Number of Shares As of June 1, 2013	Increase	Decrease	Number of Shares As of May 31, 2014
Common shares	416,903	41,273,397	—	41,690,300

(Note) The Company conducted a 1:100 stock split on common stock with an effective date of December 1, 2013.

As a result, no. of shares issued and outstanding increased 41,273,397 shares to 41,690,300 shares.

2. Matters Relating to Treasury Stock

(Shares)

Type of Shares	Number of Shares As of June 1, 2013	Increase	Decrease	Number of Shares As of May 31, 2014
Common shares	42,401	4,723,556	—	4,765,957

(Note) Increase of 4,723,556 stocks are an increase of 4,197,699 stocks by stock split and an increase of 525,857 stocks by consolidation of a company which has the Company's stocks.

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 12, 2013	Common shares	¥374 million	¥1,000	May 31, 2013	August 20, 2013

(2) Dividends whose record date falls in the current fiscal year but whose effective date comes in the following fiscal year

Resolution	Type of Shares	Source of Dividend	Total Cash Dividends Paid	Cash Dividend per Common Share	Base Date	Effective Date
Board of Directors' meeting held on July 11, 2014	Common shares	Retained earnings	¥374 million	¥10	May 31, 2014	August 29, 2014

(Note) The Company conducted a 1:100 stock split on common stock with an effective date of December 1, 2013. If adjusted to reflect the number of shares prior to the stock split, the forecast of fiscal year-end dividend amount is equivalent to ¥1,000.

(Notes to Consolidated Statements of Cash Flows)

\*1 Relationship between the balance of cash and cash equivalents at period-end and cash and deposits reported in the consolidated balance sheets.

	(Millions of yen)	
	FY2012	FY2013
Cash and deposits	20,572	18,203
Time deposits with deposit term exceeding three months	(827)	(385)
Securities (MMF)	203	203
Cash and cash equivalents	19,948	18,021

\*2 Breakdown of major assets and liabilities inherited from newly acquired companies included in the scope of consolidation.

FY2012 (For the fiscal year ended May 31, 2013)

None

FY2013 (For the fiscal year ended May 31, 2014)

Breakdown of major assets and liabilities and the relationship between acquisition costs from the acquisition of stocks (net) of Medical Associa Inc. (hereafter "Medical Associa") as of the date of Medical Associa's inclusion in the Company's scope of consolidation is as follows.

	(Millions of yen)
Current assets	1,373
Noncurrent assets	668
Goodwill	968
Current liabilities	(1,128)
Noncurrent liabilities	(386)
Minority interests in income	(4)
Acquisition costs of Medical Associa	1,490
Medical Associa's cash and cash equivalents	682
Difference: Payment for purchase of subsidiaries	807

(Note) Allocation of the acquisition costs have not been completed as of May 31, 2014 and therefore, the Company has applied a tentative accounting treatment.

(Matters Concerning Business Combination)

Company and other purchases through the acquisition of shares

In accordance with a resolution of the Board of Directors at a meeting held on March 13, 2014, the Company resolved to acquire equity interest in Medical Associa. In addition, stock purchase agreement was executed on the same day.

(1) Overview of business combination

i. Name and business activities of acquired company

Company name	Business activities
Medical Associa Inc.	Medical human resources services and comprehensive management consulting services for health care institutions

ii. Objective of the share acquisition

Medical Associa, a pioneer of medical employment agency, provides comprehensive medical human resources services such as staffing of clinical nurses, doctors, clinical laboratory technicians, pharmacists and medical clerks for all varieties of health care institutions. The acquisition of Medical Associa will enable Pasona Group to bolster its human resources services in the priority medical fields.

iii. Date of business combination

April 14, 2014

iv. Legal form of business combination

Share acquisition

v. Name of the company after business combination

Company name remains the same.

vi. Percentage of voting rights acquired

97.83%

vii. Main grounds for determining the acquiring company

The company's acquisition of shares in exchange for cash consideration.

(2) Business result period of the acquired company included in the current fiscal year

The business result of the acquired company is not included in the current fiscal year, as May 31, 2014 is set as the deemed acquisition date.

(3) Acquisition amount of the acquired company and its details

Consideration for acquisition	Cash	¥1,484 million
Costs directly incurred for the acquisition	Advisory fee, etc.	¥6 million
Acquisition cost		¥1,490 million

(4) Amount of goodwill, its cause of accrual and its amortization method and period

i. Amount of goodwill

¥968 million

ii. Cause of accrual and its amortization method and period

The acquisition cost exceeded net assets of the company and the variance between these amounts is recognized as goodwill.

As the acquisition cost is currently being allocated, the above amounts are provisionally calculated as of the end of current fiscal year. In addition, the investigation of amortization method and period are ongoing.

(5) The amounts of assets and liabilities taken over from the acquired companies on the day of business combination and major breakdown thereof

Current assets	¥1,373 million
Property, plant and equipment	¥675 million
<hr/>	
Total assets	¥2,049 million
Liabilities	¥1,128 million
Noncurrent liabilities	¥386 million
<hr/>	
Total liabilities	¥1,515 million

(6) Estimated amount of impact of the business combination on the consolidated statements of income of the current fiscal year and its calculation method, assuming that the business combination had been completed at the beginning of the current fiscal year

No estimation is attempted due to difficulty in reasonably calculation estimates.

(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 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

FY2012 (For the fiscal year ended May 31, 2013)

(Millions of yen)

	Reporting segments				Others (Note 2)	Total	Adjustment (Note 3)	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	176,184	12,232	17,387	205,803	1,881	207,685	—	207,685
Intersegment sales and transfers	743	3	222	969	2,051	3,021	(3,021)	—
Total	176,928	12,235	17,610	206,773	3,933	210,706	(3,021)	207,685
Segment income (loss)	2,661	2,164	2,696	7,522	(46)	7,475	(4,299)	3,176
Segment assets	41,118	12,396	16,698	70,214	2,744	72,958	(1,682)	71,276
Other items								
Depreciation and amortization	1,276	204	516	1,997	318	2,315	316	2,632
Amortization of goodwill	513	67	99	680	0	680	—	680
Impairment losses	47	—	—	47	122	169	—	169
Increase in tangible and intangible fixed assets	1,617	253	1,642	3,513	366	3,880	1,023	4,903

Notes:

- The "Expert Services (Temporary staffing), Insourcing (Contracting), Others" segment includes each of the businesses of Expert Services, Insourcing, HR Consulting/Education/Training /Others, Place & Search as well as Global Sourcing.
- The "Others" segment incorporates operations not included in reporting segments such as Life Solutions, Public Solutions, Shared.
- The following are included in the adjustment item.
  - Adjustment of segment income (loss) totaling ¥(4,299) million includes Group management costs relating to the Company totaling ¥(4,300) million as well as intersegment sales and transfers totaling ¥(1) million.



- (2) Adjustment of segment assets totaling ¥(1,682) million includes the Company's cash and deposits and assets relating to Group management totaling ¥15,120 million as well as intersegment sales and transfers totaling ¥(16,802) million.
- (3) Adjustment of depreciation and amortization totaling ¥316 million are mainly comprised of depreciation and amortization of assets relating to Group management.
- (4) Adjustment of increase in tangible and intangible fixed assets totaling ¥1,023 million are mainly comprised of an increase of assets relating to Group management.

4. Segment income (loss) is adjusted with operating income under consolidated statements of income.

FY2013 (For the fiscal year ended May 31, 2014)

(Millions of yen)

	Reporting segments				Others (Note 2)	Total	Adjustment (Note 3)	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	174,816	10,342	20,129	205,289	3,371	208,660	—	208,660
Intersegment sales and transfers	752	7	227	987	2,030	3,017	(3,017)	—
Total	175,569	10,350	20,356	206,276	5,401	211,678	(3,017)	208,660
Segment income	2,872	993	3,074	6,941	17	6,958	(3,748)	3,210
Segment assets	43,934	11,118	18,890	73,943	2,727	76,670	(1,054)	75,615
Other items								
Depreciation and amortization	1,080	173	506	1,760	297	2,057	307	2,365
Amortization of goodwill	641	67	177	886	—	886	—	886
Impairment losses	1	—	—	1	13	15	—	15
Increase in tangible and intangible fixed assets	2,798	167	1,382	4,348	429	4,777	136	4,913

Notes:

- The "Expert Services (Temporary staffing), Insourcing (Contracting), Others" segment includes each of the businesses of Expert Services, Insourcing, HR Consulting/Education/Training /Others, Place & Search as well as Global Sourcing.
- The "Others" segment incorporates operations not included in reporting segments such as Life Solutions, Public Solutions, Shared.
- The following are included in the adjustment item.
  - Adjustment of segment income totaling ¥(3,748) million includes Group management costs relating to the Company totaling ¥(3,752) million as well as intersegment sales and transfers totaling ¥(4) million.
  - Adjustment of segment assets totaling ¥(1,054) million includes the Company's cash and deposits and assets relating to Group management totaling ¥15,019 million as well as intersegment sales and transfers totaling ¥(16,074) million.
  - Adjustment of depreciation and amortization totaling ¥307 million are mainly comprised of depreciation and amortization of assets relating to Group management.
  - Adjustment of increase in tangible and intangible fixed assets totaling ¥136 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

FY2012 (For the fiscal year ended May 31, 2013)

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.

FY2013 (For the fiscal year ended May 31, 2014)

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

FY2012 (For the fiscal year ended May 31, 2013)

(Millions of yen)

	Reporting segments				Others (Note)	Adjustment	Total
	Expert Services (Temporary staffing), Insourcing (Contracting), Others	Outplacement	Outsourcing	Subtotal			
Impairment loss	47	—	—	47	122	—	169

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

FY2013 (For the fiscal year ended May 31, 2014)

(Millions of yen)

	Reporting segments				Others (Note)	Adjustment	Total
	Expert Services (Temporary staffing), Insourcing (Contracting), Others	Outplacement	Outsourcing	Subtotal			
Impairment loss	1	—	—	1	13	—	15

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

### Information regarding unamortized balance of goodwill by reporting segment

FY2012 (For the fiscal year ended May 31, 2013)

(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	3,273	118	671	4,063	—	—	4,063

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

FY2013 (For the fiscal year ended May 31, 2014)

(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	4,604	50	517	5,173	—	—	5,173

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

### Information regarding gain on negative goodwill by reporting segment

FY2012 (For the fiscal year ended May 31, 2013)

None

FY2013 (For the fiscal year ended May 31, 2014)

None

## (Per Share Information)

(Yen)

	FY2012	FY2013
Net assets per share	558.50	571.37
Net income per share	16.30	14.05
Diluted net income per share	16.27	14.04

## (Notes)

- The Company conducted a 1:100 stock split on common stock with an effective date of December 1, 2013. Net assets per share, net income per share and diluted net income per share have been calculated as if the stock split was conducted at the beginning of the previous fiscal year.
- As described in “Changes in Accounting Policies”, with regard to application of Accounting Standard for Retirement Benefits, the effect of changes is adjusted in accordance with the transitional treatment stipulated in section 37 of the Retirement Benefits Accounting Standard. As a result, net assets per share at the end of the current consolidated fiscal year increased ¥8.53.
- Net earnings per share and earnings per diluted share are calculated on the following basis

(Millions of yen)

Items	FY2012	FY2013
Earnings per share		
Net income	610	526
Amount not applicable to shareholders of common stock	—	—
Net income applicable to common stock	610	526
Average number of shares for the period (shares)	37,450,200	37,448,759
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	—	—

- The following shows the basis of calculating net assets per share

(Millions of yen)

	As of May 31, 2013	As of May 31, 2014
Total net assets	26,253	27,181
Amount deducted from total net assets	5,337	6,083
Net assets applicable to common stock as of the fiscal period-end	20,915	21,097
Number of common stock used to calculate net assets per share (shares)	37,450,200	36,924,343

## (Important Subsequent Events)

None

**4. Others**

## Changes and Movements in Directors

- Changes and movements in representative directors

None

- Changes and movements in other directors

None