

CONSOLIDATED FINANCIAL REPORT (Japanese GAAP)
FY2011 (June 1, 2011 to May 31, 2012)

Nine Months Ended February 29, 2012

Listing Stock exchange: The First Section of the Tokyo Stock Exchange

Securities code number: 2168

 URL: <http://www.pasonagroup.co.jp/>

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Scheduled payment date of cash dividends: —

Scheduled filing date of quarterly report: April 11, 2012

Supplementary materials prepared for quarterly financial results: Yes

Holding of quarterly financial results meeting: No

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

1. CONSOLIDATED BUSINESS RESULTS
(1) Consolidated Financial Results

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

	Net Sales		Operating Income		Ordinary Income		Net Income / (Loss)	
		%		%		%		%
Nine months ended February 29, 2012	135,245	1.9	1,080	(16.1)	1,138	(14.4)	(106)	—
Nine months ended February 28, 2011	132,664	(2.5)	1,286	(41.4)	1,330	(44.6)	(334)	—

(Note) Comprehensive income 9M FY2011: ¥363 million 9M FY2010: ¥435 million

	Net Income / (Loss) per Share	Diluted Net Income per Share
	Yen	Yen
Nine months ended February 29, 2012	(285.56)	—
Nine months ended February 28, 2011	(893.73)	—

(2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio (%)
February 29, 2012	56,903	25,358	36.0
May 31, 2011	60,564	25,642	34.7

(Reference) Equity As of February 29, 2012: ¥20,503 million As of May 31, 2011: ¥21,004 million

2. DIVIDENDS

Record Date	Dividends per Share				
	End of First Quarter	End of Second Quarter	End of Third Quarter	Fiscal Year-End	Total
	Yen	Yen	Yen	Yen	Yen
FY2010	—	0.00	—	1,000.00	1,000.00
FY2011	—	0.00	—	—	—
FY2011 (Forecast)	—	—	—	1,200.00	1,200.00

(Note) Revision to dividend forecast in the current quarter: No

3. FORECAST OF RESULTS FOR THE FISCAL YEAR ENDING MAY 31, 2012

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

	Net Sales		Operating Income		Ordinary Income		Net Income		Net Income per Shares	
		%		%		%		%		Yen
Full Fiscal Year	183,000	2.3	2,850	17.1	2,900	12.8	650	57.5	1,735.64	

(Note) Revision to forecast of results in the current quarter: No

4. OTHERS

- (1) Changes in important subsidiaries during the current period : None
(Changes in specified subsidiaries that caused changes in the scope of consolidation)
- (2) Application of the special accounting practices in the preparation of quarterly consolidated financial statements:
None
- (3) Changes of accounting principles, changes in accounting estimates and retrospective restatement
 - 1) Changes of accounting principles in line with revisions to accounting and other standards: None
 - 2) Changes of accounting principles other than 1) above: None
 - 3) Changes in accounting estimates: None
 - 4) Retrospective restatement: None
- (4) Number of shares issued and outstanding (Common shares)
 - 1) The number of shares issued and outstanding as of the period-end (including treasury stock)
February 29, 2012: 416,903 shares May 31, 2011: 416,903 shares
 - 2) The number of treasury stock as of the period-end
February 29, 2012: 42,401 shares May 31, 2011: 42,401 shares
 - 3) Average number of shares for the period (Quarterly cumulative period)
Nine months ended February 29, 2012: 374,502 shares
Nine months ended February 28, 2011: 374,502 shares

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.

Method to obtain supplementary materials for quarterly financial results

Supplementary materials for the quarterly financial results under review were posted on the Company's website on April 6, 2012.

Index

1. Information Concerning Quarterly Consolidated Business Results	.....	p. 3
2. Qualitative Information Concerning Consolidated Financial Position	.....	p. 4
3. Consolidated Financial Statements		
(1) Quarterly Consolidated Balance Sheets	.....	p. 5
(2) Quarterly Consolidated Statements of Income	.....	p. 7
(3) Quarterly Consolidated Statements of Comprehensive Income	.....	p. 8
(4) Notes to Going Concern Assumption	.....	p. 8
(5) Segment Information	.....	p. 8
(6) Notes on Significant Changes in the Amount of Shareholders' Equity	.....	p. 9

9M FY2011 Consolidated Financial Report

(June 1, 2011 - February 29, 2012)

1. Information Concerning Quarterly Consolidated Business Results

Consolidated Business Results

	(Millions of yen)		
	9M FY2010	9M FY2011	YoY
Net sales	132,664	135,245	1.9%
Operating income	1,286	1,080	(16.1)%
Ordinary income	1,330	1,138	(14.4)%
Net income (loss)	(334)	(106)	—

Segment Information (Figures include intersegment sales)

Consolidated Net Sales by Segment

	(Millions of yen)		
	9M FY2010	9M FY2011	YoY
HR Solutions	131,786	134,513	2.1%
Expert Services (Temporary staffing), Insourcing (Contracting), Others	113,644	116,470	2.5%
Expert Services (Temporary staffing) Insourcing (Contracting) HR Consulting	110,937	112,924	1.8%
Place & Search (Placement / Recruiting)	1,236	1,932	56.3%
Global Sourcing (Overseas)	1,471	1,613	9.7%
Outplacement	7,390	7,202	(2.5)%
Outsourcing	10,751	10,840	0.8%
Life Solutions Public Solutions Shared	2,643	2,785	5.4%
Eliminations and Corporate	(1,766)	(2,053)	—
Total	132,664	135,245	1.9%

Consolidated Operating Income by Segment

	(Millions of yen)		
	9M FY2010	9M FY2011	YoY
HR Solutions	3,271	3,612	10.4%
Expert Services (Temporary staffing), Insourcing (Contracting), Others	1,150	1,274	10.7%
Expert Services (Temporary staffing) Insourcing (Contracting) HR Consulting	1,150	1,274	10.7%
Place & Search (Placement / Recruiting)			
Global Sourcing (Overseas)			
Outplacement	707	708	0.2%
Outsourcing	1,413	1,628	15.3%
Life Solutions Public Solutions Shared	104	106	2.4%
Eliminations and Corporate	(2,088)	(2,638)	—
Total	1,286	1,080	(16.1)%

2. Qualitative Information Concerning Consolidated Financial Position

1) Assets

Total assets as of February 29, 2012 stood at ¥56,903 million, a decrease of ¥3,661 million or 6.0%, compared with May 31, 2011. The decrease in total assets reflected a decline of ¥5,635 million in the balance of cash and deposits. There was, however, a brief increase in accounts receivable—trade of ¥1,984 million attributable to the upswing in commissioned activities in the Insourcing business.

2) Liabilities

Total liabilities as of February 29, 2012 decreased ¥3,377 million or 9.7%, compared with May 31, 2011 totaling ¥31,544 million. The principal decreases in total liabilities were accounts payable—trade of ¥432 million, long-term loans payable of ¥1,236 million, provision for bonuses of ¥605 million and income taxes payable of ¥682 million.

3) Net Assets

Net assets as of February 29, 2012 stood at ¥25,358million, a decline of ¥283 million or 1.1%, compared with May 31, 2011. The difference was mainly attributable to the net loss of ¥106 million and the payment of cash dividends totaling ¥374 million.

Accounting for the aforementioned, the equity ratio as of February 29, 2012 increased 1.4 percentage points to 36.0% compared with May 31, 2011.

3. Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of May 31, 2011	As of February 29, 2012
ASSETS		
Current assets		
Cash and deposits	22,628	16,992
Notes and accounts receivable—trade	18,356	20,340
Other	3,438	3,559
Allowance for doubtful accounts	(54)	(51)
Total current assets	44,368	40,840
Noncurrent assets		
Property, plant and equipment	6,634	6,558
Intangible assets		
Goodwill	514	688
Other	2,805	2,275
Total intangible assets	3,320	2,963
Investments and other assets		
Other	6,595	6,893
Allowance for doubtful accounts	(13)	(12)
Allowance for investment loss	(341)	(341)
Total investments and other assets	6,240	6,539
Total noncurrent assets	16,195	16,062
Total assets	60,564	56,903

(Millions of yen)

	As of May 31, 2011	As of February 29, 2012
LIABILITIES		
Current liabilities		
Accounts payable—trade	1,585	1,153
Short-term loans payable	2,075	2,050
Current portion of bonds	128	110
Accrued expenses	10,777	11,001
Income taxes payable	987	304
Provision for bonuses	1,479	873
Provision for directors' bonuses	7	5
Asset retirement obligations	4	153
Other	8,283	8,242
Total current liabilities	25,329	23,896
Noncurrent liabilities		
Long-term loans payable	5,269	4,032
Provision for retirement benefits	910	794
Asset retirement obligations	722	598
Other	2,690	2,222
Total noncurrent liabilities	9,592	7,648
Total liabilities	34,922	31,544
NET ASSETS		
Shareholders' equity		
Capital stock	5,000	5,000
Capital surplus	6,054	6,054
Retained earnings	13,425	12,944
Treasury stock	(3,493)	(3,493)
Total shareholders' equity	20,986	20,505
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	135	183
Foreign currency translation adjustment	(117)	(186)
Total accumulated other comprehensive income	17	(2)
Minority interests	4,637	4,855
Total net assets	25,642	25,358
Total liabilities and net assets	60,564	56,903

(2) Quarterly Consolidated Statements of Income

(Millions of yen)

	9M FY2010	9M FY2011
Net sales	132,664	135,245
Cost of sales	108,108	110,348
Gross profit	24,555	24,896
Selling, general and administrative expenses	23,268	23,816
Operating income	1,286	1,080
Non-operating income		
Interest income	10	10
Equity in earnings of affiliates	25	33
Subsidy	99	115
Other	138	90
Total non-operating income	274	249
Non-operating expenses		
Interest expenses	132	109
Commitment fee	44	37
Other	53	43
Total non-operating expenses	230	191
Ordinary income	1,330	1,138
Extraordinary income		
Gain on sales of investment securities	1	—
Gain on sales of subsidiaries and affiliates' stocks	11	—
Gain on change in equity	3	—
Reversal of allowance for doubtful accounts	0	—
Gain on negative goodwill	38	—
Other reversal of provision	26	—
Gain on donation of noncurrent assets	—	58
Total extraordinary income	83	58
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	23	21
Loss on sales of investment securities	8	—
Loss on valuation of investment securities	0	—
Loss on change in equity	—	2
Loss on adjustment for changes of accounting standard for asset retirement obligations	480	—
Total extraordinary loss	513	24
Income before income taxes	900	1,172
Income taxes—current	786	865
Income taxes—deferred	(0)	(84)
Income taxes	786	781
Income before minority interests	114	391
Minority interests in income	449	498
Net income (loss)	(334)	(106)

(3) Quarterly Consolidated Statements of Comprehensive Income

(Millions of yen)

	9M FY2010	9M FY2011
Income before minority interests	114	391
Other comprehensive income		
Valuation difference on available-for-sale securities	371	46
Foreign currency translation adjustment	(49)	(73)
Total other comprehensive income	321	(27)
Comprehensive income	435	363
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	(11)	(126)
Comprehensive income attributable to minority interests	446	490

(4) Notes to Going Concern Assumption

Not applicable

(5) Segment Information

Information regarding net sales and segment income (loss) by reporting segment

Nine months ended February 28, 2011

(Millions of yen)

	Reporting segments				Others (Note 2)	Total	Adjustment (Note 3)	Figures in consolidated statements of income (Note 4)
	HR Solutions			Subtotal				
	Expert Services (Temporary staffing), Insourcing (Contracting), Others (Note 1)	Outplacement	Outsourcing					
Net sales								
(1) Sales to outside customers	112,990	7,390	10,585	130,966	1,153	132,120	544	132,664
(2) Intersegment sales and transfers	654	—	166	820	1,489	2,310	(2,310)	—
Total	113,644	7,390	10,751	131,786	2,643	134,430	(1,766)	132,664
Operating income	1,150	707	1,413	3,271	104	3,375	(2,088)	1,286

Notes:

1. The “Expert Services (Temporary staffing), Insourcing (Contracting), Others” segment includes each of the businesses of Expert Services (Temporary staffing), Insourcing (Contracting), HR Consulting, Place & Search (Placement / Recruiting) and Global Sourcing (Overseas).
2. The “Others” segment is not included in reporting segments, and includes Life Solutions, Public Solutions, as well as Shared operations.
3. Adjustment is as follows: Included within the operating loss of ¥2,088 million is the elimination of intersegment transactions of ¥10 million, corporate earnings of ¥545 million and corporate expenses of ¥2,644 million. Corporate earnings and expenses are not allocated to reporting segments. Corporate earnings are mainly comprised of sales relating to operations commissioned from government and other public offices. Corporate expenses primarily consist of Group management costs relating to the Company.
4. Segment income is adjusted with operating income under consolidated statements of income.

Nine months ended February 29, 2012

(Millions of yen)

	Reporting segments				Others (Note 2)	Total	Adjustment (Note 3)	Figures in consolidated statements of income (Note 4)
	HR Solutions			Subtotal				
	Expert Services (Temporary staffing), Insourcing (Contracting), Others (Note 1)	Outplacement	Outsourcing					
Net sales								
(1) Sales to outside customers	116,193	7,197	10,671	134,063	1,182	135,245	—	135,245
(2) Intersegment sales and transfers	276	5	168	450	1,603	2,053	(2,053)	—
Total	116,470	7,202	10,840	134,513	2,785	137,299	(2,053)	135,245
Operating income	1,274	708	1,628	3,612	106	3,718	(2,638)	1,080

Notes:

1. The “Expert Services (Temporary staffing), Insourcing (Contracting), Others” segment includes each of the businesses of Expert Services (Temporary staffing), Insourcing (Contracting), HR Consulting, Place & Search (Placement / Recruiting) and Global Sourcing (Overseas).
2. The “Others” segment is not included in reporting segments, and includes Life Solutions, Public Solutions, and Shared operations.
3. Adjustment is as follows: Operating loss of ¥2,638 million includes the elimination of intersegment transactions of ¥5 million and corporate expenses of ¥2,644 million. Corporate expenses primarily consist of Group management costs relating to the Company, are not allocated to reporting segments.
4. Segment income is adjusted with operating income under consolidated statements of income.

(6) Notes on Significant Changes in the Amount of Shareholders' Equity

Not applicable