March 26, 2008

CONSOLIDATED FINANCIAL REPORT
THIRD QUARTER FISCAL YEAR ENDING MAY 31, 2008
(June 1, 2007 to February 29, 2008)

Pasona Group Inc. is listed on the First Section of the Tokyo Stock Exchange with the securities code number 2168, and on the Nippon New Market "Hercules," Osaka Securities Exchange.
(URL: http://www.pasonagroup.co.jp/)

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

1. CONSOLIDATED PERFORMANCE

(1) Consolidated Business Results
3Q of FY Ending 2008 (June 1, 2007 to February 29, 2008)

	Net Sales	Operating Income	Ordinary Income	Net Income
3Q FY ending 2008	177,766	5,087	5,140	2,349

	Net Income per Share	Diluted Net Income per Share
	Yen	Yen
3Q FY ending 2008	5,639.85	5,597.66

Note: The average number of shares for the period calculated on a consolidated basis at the beginning of the period is used as the basis for calculating net income per share and diluted net income per share.

(2) Changes in Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share
			%	Yen
February 29, 2008	54,559	28,877	43.7	57,155.71

(3) Consolidated Cash Flows

	Operating Activities	Investing Activities	Financing Activities	Cash and Cash Equivalents at the End of the Period
3Q FY ending 2008	203	(1,938)	2,517	12,518

2. DIVIDENDS

	Dividends per Share		
(Record Date)	Interim Dividend	Fiscal Year-End Dividend	Annual Dividend
	Yen	Yen	Yen
FY ending 2008	1,200	—	2,500
FY ending 2008 (Planned)	—	1,300	

Note: Dividends per share for the interim period of the fiscal year ending May 31, 2008 are paid by Pasona Inc. The planned period-end dividend for the fiscal year ending May 31, 2008 is scheduled to be paid by Pasona Group Inc.

3. FORECAST OF RESULTS FOR FISCAL YEAR ENDING MAY 31, 2008

(June 1, 2007 to May 31, 2008) [Reference]

	Net Sales	Operating Income	Ordinary Income	Net Income	Net Income per Shares
					Yen
Full Fiscal Year	238,130	6,480	6,720	2,820	6,764.16

4. OTHER

1. Changes in the scope of consolidation and application of the equity method: No
2. Use of the simplified accounting method: No
3. Changes in accounting methods used in the most recent consolidated fiscal year: No

[Reference]

PASONA INC. CONSOLIDATED PERFORMANCE

(1) Consolidated Business Results

3Q of FY Ended 2007 (June 1, 2006 to February 28, 2007)

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

	Net Sales		Operating Income		Ordinary Income		Net Income	
		%		%		%		%
3Q FY ended 2007	170,700	14.8	6,644	20.7	6,759	23.3	3,123	20.3
FY ended 2007	231,231	13.5	8,507	9.8	8,807	12.3	4,198	17.0

	Net Income per Share	Diluted Net Income per Share
	Yen	Yen
3Q FY ended 2007	7,420.69	7,373.47
FY ended 2007	10,003.68	9,925.72

(2) Changes in Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share
			%	Yen
February 28, 2007	48,775	25,576	43.6	51,164.96
May 31, 2007	54,425	26,904	41.1	53,759.81

(3) Consolidated Cash Flows

	Operating Activities	Investing Activities	Financing Activities	Cash and Cash Equivalents at the End of the Period
3Q FY ended 2007	981	(2,497)	(2,572)	10,601
FY ended 2007	5,897	(3,226)	(5,607)	11,750

Notes: Explanation in connection with the appropriate use of forecast of results and other special instructions.

1. Pasona Group Inc. was established as the holding company of Pasona Inc. on December 3, 2007 through the transfer of shares. Quarterly financial accounts and performance have only been prepared from the current fiscal year under review. Accordingly, a comparison with financial accounts and performance for the corresponding period of the previous fiscal year has been omitted.
2. While Pasona Group was established on December 3, 2007, third quarter consolidated financial statements for the fiscal year ending May 31, 2008 have been prepared on the basis that the Company had been established as of the beginning of the period and include financial data for Pasona Inc.
3. Regarding the consolidated forecasts of results for fiscal year ending May 30, 2008, refer to the press release “Notice concerning revisions to business results forecasts” announced on March 26, 2008.
4. The aforementioned forecasts of business results are based on information available as of the date of this press release. Accordingly, information included in this document involves risks and uncertainties that may cause actual results to differ materially from forecasts due to a variety of factors.

[Qualitative Information, Financial Statements]

Note: Pasona Group Inc. was established on December 3, 2007 as a single wholly owning parent company of Pasona Inc. through the sole transfer of shares. As a result, there is no substantive change in the scope of the Group's consolidation. On this basis, business results of Pasona Inc. for the nine-month period ended February 28, 2007 are provided for comparative purposes.

1. Qualitative Information regarding Consolidated Business Results

Despite expectations of a modest economic recovery, conditions within the domestic economy were tinged with significant downside risk throughout the nine-month period ended February 29, 2008. This reflected a variety of concerns including a slowdown in the U.S. economy and the sharp increase in the cost of crude oil. Conditions throughout the employment market were also mixed. Despite growing fears within Japan's corporate sector of a persistent shortage in the supply of labor, signs of deterioration in key employment-related indicators began to emerge. During the period under review, the number of unemployed increased while the ratio of jobs to applicants declined.

Under the aforementioned operating environment, the Pasona Group worked proactively to expand activities in such growth fields as placement and recruiting as well as outsourcing. At the same time, the Group focused on the outplacement business taking into consideration uncertainties surrounding future corporate sector results. In the mainstay temporary staffing business, conditions were characterized by a temporary lull in demand. In addition to the decline in new registrants, intense competition and difficulties in securing an adequate pool of temporary staff, the corporate sector held off on this mode of employment, triggered by an increase in mid-career recruiting and illegalities by certain companies in the use of temporary staff. Despite continued long-term stability among quality temporary staff, overall growth rates in the temporary staffing business stalled. Accounting for the aforementioned factors, consolidated net sales for the nine-month period ended February 29, 2008 were ¥177,766 million, an increase of 4.1% compared with the corresponding period of the previous fiscal year.

On the earnings front, the Pasona Group enjoyed an upswing in gross profit, buoyed by continued growth in the relatively high-profit placement and recruiting and outsourcing businesses. For the nine-month period ended February 29, 2008, the gross profit margin improved to 20.8%. Selling, general and administrative (SG&A) expenses, however, climbed substantially reflecting efforts to secure quality temporary staff, promote long-term contract stability and enhance employee welfare benefits as well as temporary staff employment terms and conditions. At the same time, the Group undertook investments in human resources, recruiting actively in growth fields, and incurred an increase in facility-related and other payments, most notably additional rental expenses. As a result, consolidated operating income for the period under review decreased 23.4% compared with the corresponding period of the previous fiscal year to ¥5,087 million while ordinary income declined 24.0% year on year to ¥5,140 million.

Despite the sale of affiliated company shares and an extraordinary gain on sales of investment securities totaling ¥1,088 million, consolidated net income for the nine-month period ended February 29, 2008 was ¥2,349 million, a decrease of 24.8% compared with the corresponding period of the previous fiscal year.

Consolidated Business Results (Millions of yen unless otherwise stated)

	3Q FY ending 2008	(Reference) Pasona Inc. 3Q FY ended 2007	(Reference) YoY
Net sales	177,766	170,700	4.1%
Operating Income	5,087	6,644	(23.4)%
Ordinary Income	5,140	6,759	(24.0)%
Net Income	2,349	3,123	(24.8)%

Segment Information (Figures include intrasegment sales)

1. **Temporary Staffing / Contracting, Placement / Recruiting**
   Sales: ¥162,810 million
   Operating income: ¥3,615 million

Temporary Staffing / Contracting
Sales: ¥156,849 million

Looking at trends in the employment market throughout the nine-month period ended February 29, 2008, signs of a temporary lull in demand for temporary staff began to emerge. This was attributed to a variety of factors including the active recruitment of full-time employees mainly by large companies. From a supply perspective, the period under review was characterized by a growing and persistent sense of labor shortfall, coupled with continued downturn in the number of new registrants. On a positive note, the Pasona Group enjoyed increased stability in its long-term temporary staffing contracts due mainly to successful efforts to expand the scope of employee welfare benefits, enhance employment terms and conditions and strengthen its temporary staffing support structure and systems. While encountering ongoing difficulties in efforts to secure human resources, demand from such manufacturing sectors as electrical equipment and automobiles as well as the service sector remained stable. By job type, results were flat for clerical (general office work) positions, traditionally a large proportion of the temporary staffing employment market, while strong in specialist (technical) fields. Impacted by the absence of extraordinary demand during the corresponding period of the previous fiscal year from the communications as well as life and casualty insurance sectors, sales in the temporary staffing / contracting segment were held to ¥156,849 million, a 1.8% increase year on year. While growth in this segment remains stable, the pace of overall improvement is becoming moderate.

Placement / Recruiting
Sales: ¥5,961 million

During the nine-month period ended February 29, 2008, corporate sector demand remained robust in this segment. In the short-term, the number of registrants seeking a career change was also firm. As companies completed a round of mid-career recruiting, however, the vigor and growth in employment activity experienced in the past was replaced by a more prudent posture. At the same time, demand for human resources was characterized by an overall upswing in the level of skills and experience. Under these circumstances, the Pasona Group is working diligently to fortify its systems and structures in an effort to address the needs of its client firms. To this end, we are endeavoring to deliver a wider range of services that encompass each service area and career level, and with the aim of enhancing service quality have commenced a number of initiatives including consultant education and training. Fueled by these strategic measures, results in the domestic placement and recruiting business continued to exhibit high rates of growth. Sales in Japan surged 42.5% compared with the corresponding period of the previous fiscal year to ¥4,049 million. Coupled with the nominal increase in overseas placement and recruiting sales by 0.1% to ¥1,911 million, overall sales in this segment climbed 25.5% year on year to ¥5,961 million.

From a profit perspective, gross profit margins in the temporary staffing business declined year on year. Despite ongoing negotiating efforts and a modest improvement in the spread between unit prices for temporary staff at the invoice and payment levels, this is attributable to the year-on-year upswing in the ratio of basic costs encompassing the rise in employee social insurance rates, increased take up of paid holidays, the payment of travel expenses to temporary staff in certain regions and other factors. On a positive note, lower gross profit margins in the temporary staffing business were absorbed by increased earnings in the placement and recruiting business. On an overall basis, the Pasona Group enjoyed a year-on-year improvement in its gross profit margin in this segment.

In the temporary staffing business, long-term contract stability directly enhances the Group's overall credibility as well as its brand image. Efforts in this area are therefore essential in the Group's strategic plans to further secure competitive advantage. In the nine-month period ended February 29, 2008, the Pasona Group accordingly undertook increased payments compared with the corresponding period of the previous fiscal year encompassing SG&A and other expenses. In specific terms, the Group undertook strategic investments all in an effort to promote long-term contract stability.

Accounting for the aforementioned factors, sales in the Temporary Staffing / Contracting and Placement / Recruiting segment edged up 2.5% compared with the corresponding period of the previous fiscal year to ¥162,810 million, while operating income declined 32.1% year on year ¥3,615 million.

2. Outplacement
Sales: ¥4,223 million
Operating income: ¥966 million

Underpinned by uncertainties in connection with the future economic environment, large companies are anticipated to implement optional and voluntary early retirement programs. At the same time, the outplacement market is finally showing signs of having bottomed out. As the only company within the industry in Japan to boast a nationwide network, and through successful efforts to deliver high-quality services, the Pasona Group was able to increase its market share. As a result, sales in the Outplacement segment were ¥4,223 million, an increase of 19.8% compared with the corresponding period of the previous fiscal year. Operating income totaled ¥966 million, a 14.7% upswing year on year.

3. Outsourcing
Sales: ¥10,093 million
Operating income: ¥1,406 million

In the nine-month period ended February 29, 2008, the outsourcing market for employee benefit programs continued to experience steady growth on the back of firm corporate sector demand. Against this backdrop, the Pasona Group secured a steady stream of corporate members, buoyed by such marketing proposals as "Total Compensation," an all-in-one management package that encompasses employee salary calculation and payment as well as a wide menu of employee benefits programs. In addition, working to better satisfy its valued customers, the Pasona Group took steps to develop new service menus that take into consideration work and lifestyle balance focusing mainly on care for children and the elderly. In the nine-month period ended February 29, 2008, the Group actively engaged in a variety of business activities for the benefit of its members and member families. As one example among a host of events, the Pasona Group staged “Benefit One Festa.” Taking into account the aforementioned endeavors, sales in the Outsourcing segment rose 34.3% compared with the corresponding period of the previous fiscal year to ¥10,093 million. Supported by significant contributions from operations at its customer center and successful efforts to enhance operating efficiency and reduce costs, segment operating income jumped 76.0% year on year to ¥1,406 million.

4. Other

Sales: ¥1,544 million

Operating loss: ¥15 million

During the nine-month period ended February 29, 2008, the Pasona Group continued to develop and promote its child-care and education businesses, lifestyle support services targeting the elderly and shared services covering the in-house temporary staffing subsidiaries of large companies. As a result, sales in the Other segment edged up 2.5% compared with the corresponding period of the previous fiscal year to ¥1,544 million. During the period under review, the operating loss narrowed substantially to ¥15 million, down from ¥330 million in the corresponding period of the previous fiscal year.

(Net Sales by Segment) (Millions of yen unless otherwise stated)

	3Q FY ending 2008	(Reference) Pasona Inc. 3Q FY ended 2007	(Reference) YoY
Temporary staffing / Contracting	156,849	154,105	1.8%
Placement / Recruiting	5,961	4,750	25.5%
Outplacement	4,223	3,526	19.8%
Outsourcing	10,093	7,514	34.3%
Other	1,544	1,506	2.5%
Elimination or corporate	(905)	(703)	—
Total	177,766	170,700	4.1%

(Operating Income/Loss by Segment) (Millions of yen unless otherwise stated)

	3Q FY ending 2008	(Reference) Pasona Inc. 3Q FY ended 2007	(Reference) YoY
Temporary staffing / Contracting, Placement / Recruiting	3,615	5,328	(32.1)%
Outplacement	966	842	14.7%
Outsourcing	1,406	799	76.0%
Other	(15)	(330)	—
Elimination or corporate	(885)	4	—
Total	5,087	6,644	(23.4)%

2. Qualitative Information regarding Consolidated Financial Position

1. Changes in Consolidated Financial Position

Total assets as of February 29, 2008 stood at ¥54,559 million, a slight increase of ¥134 million, or 0.2%, compared with the end of the previous fiscal year. Net assets amounted to ¥28,877 million, up ¥1,972 million, or 7.3%, compared with May 31, 2007. Based on the aforementioned, the equity ratio improved 2.6 percentage points to 43.7% compared with the previous fiscal year-end.

Looking at principal movements, total assets included current assets of ¥38,181 million, which declined ¥905 million, or 2.3%, compared with the end of the previous fiscal year. The principal component was notes and accounts receivable — trade, which fell ¥1,158 million, or 4.9%, compared with May 31, 2007 to ¥22,509 million. Fixed assets stood at ¥16,378 million, up ¥1,039 million, or 6.8%, compared with the previous fiscal year-end. This is mainly attributed to the increase in property and equipment of ¥753 million, or 17.2%, to ¥5,138 million, reflecting the establishment of a strategic central office location for the Group in the Shin-Marunouchi Building, and intangible assets of ¥3,096 million, up ¥448 million, or 16.9%, compared with May 31, 2007.

Total liabilities as of February 29, 2008 included current liabilities of ¥23,903 million, which declined ¥1,800 million, or 7.0%, compared with the end of the previous fiscal year. Long-term liabilities as of the period-end stood at ¥1,778 million, a drop of ¥37 million, or 2.1%, compared with May 31, 2007.

2. Cash Flows

On a consolidated basis, cash and cash equivalents as of February 29, 2008 stood at ¥12,518 million, an increase of ¥768 million compared with the end of the previous fiscal year. (In the corresponding period of the previous fiscal year, cash and cash equivalents as of the end of the third quarter declined ¥4,055 million compared with May 31, 2006). The principal components of cash flows for the third quarter of the fiscal year ending May 31, 2008 were as follows.

Cash Flows from Operating Activities

Net cash provided by operating activities was ¥203 million compared with ¥981 million in the corresponding period of the previous fiscal year. Major components were income before income taxes of ¥6,051 million, a drop of ¥561 million year on year, a decrease in accounts payable — trade of ¥1,884 million and income taxes paid totaling ¥4,073 million.

Cash Flows from Investing Activities

In the third quarter of the fiscal year ending May 31, 2008, the Pasona Group undertook payments for purchases of fixed assets amounting to ¥1,960 million and payments for purchases of intangible assets including software of ¥1,027 million. Accounting for these and other cash flows, cash used in investing activities were ¥1,938 million, compared with ¥2,497 million in the corresponding period of the previous fiscal year.

Cash Flows from Financing Activities

Net provided by financing activities for the third quarter of the fiscal year ending May 31, 2008 totaled ¥2,517 million, compared with net cash used in financing activities of ¥2,572 million in the corresponding period of the previous fiscal year. Major components included payments for dividends amounting to ¥1,062 million. This was more than offset by the increase in short-term loans of ¥3,523 million.

The turnaround amounting to ¥5,090 million was also attributed to the absence of acquisition of treasury stock of ¥4,287 million during the period under review and the year-on-year increase in short-term loans totaling ¥482 million.

3. Qualitative Information regarding Consolidated Forecast of Full-Year Business Results

Entering the year, uncertainties surrounding the future of Japan's economy intensified with signs of initial impact on the corporate sector.

In its temporary staffing business, the Pasona Group was buffeted by a slowdown in growth. This was attributed to the temporary lull in demand particularly from large companies and difficult conditions in securing high-quality temporary staff. Signs are emerging, however, that the negative trends in temporary staffing orders and new registrants have bottomed out. This reflects successful efforts to boost marketing to medium and small sized enterprises as well as companies in regional markets and an upswing in registrants through word-of-mouth promotion by existing temporary staff. While uncertainties in connection with future economic conditions tend to favorably impact demand for external human resources, there remains significant potential for the forecast recovery in temporary staffing activity to fall below the pace of initial expectations. This is attributed to the lower level of demand from the communications sector. Accounting for the aforementioned factors, the Pasona Group has revised downward its initial sales forecast for the Temporary Staffing / Contracting segment.

As a part of its overall diversification strategy, the Pasona Group is placing considerable emphasis on the placement and recruiting, outplacement, outsourcing and other businesses during the fiscal year ending May 31, 2008. In the outplacement segment in particular, the Group attracted significant acclaim from client firms, increasing its market share. Contrary to the general economy, results in the outplacement business are extremely robust buoyed by a surge in demand. As a result, the pace of performance growth in this segment is outstripping the Group's initial estimate.

While results in the placement and recruiting business have improved steadily throughout the nine-month period ended February 29, 2008, the Pasona Group anticipates a slight downturn in overall segment performance compared with forecasts established at the beginning of the period. This is attributed to uncertainties surrounding the economy, potential weakness in the willingness of the corporate sector to recruit full-time employees and the impact on overseas placement and recruiting results of sub-prime loan issues in the United States and certain foreign currency rate trends.

Based on the aforementioned, the Pasona Group anticipates consolidated net sales for the fiscal year ending May 31, 2008 to reach ¥238,130 million, an increase of 3.0% compared with the previous fiscal year. This is down from the initial estimate established at the beginning of the period.

From a profit perspective, the Group's gross profit increased across all business segments excluding temporary staffing and contracting. At the same time, Pasona Group maintained a tight control over selling, general and administrative expenses through successful efforts to enhance operating efficiency and to curtail costs. Despite these favorable factors, earnings are expected to fall below the Group's estimate. Consolidated operating income is forecast to decline 23.8% compared with the previous fiscal year to ¥6,480 million, consolidated ordinary income is anticipated to fall 23.7% year on year to ¥6,720 million and consolidated net income at ¥2,820 million, a decrease of 32.8% compared with the previous fiscal year. This is attributed to the substantial decline in gross profit reflecting lower temporary staffing and contracting sales compared with initial plans.

Please refer to the Group's press release "Notice Concerning Revisions to Business Results Forecasts" dated March 26, 2008 for further details.

4. Other

1. Changes in the scope of consolidation and application of the equity method
   None.

2. Use of the simplified accounting method
   None.

3. Changes in accounting methods used in the most recent consolidated fiscal year
   None.

5. SUMMARY OF QUARTERLY CONSOLIDATED FINANCIAL STATEMENTS

(1) Summary of third quarter consolidated balance sheet

	3Q FY ending 2008 (as of February 29, 2008)		
	Millions of yen		(%)
ASSETS			
I Current assets:			
1 Cash and deposits		12,498	
2 Notes and accounts receivable — trade		22,509	
3 Marketable securities		201	
4 Inventories		260	
5 Deferred tax assets		719	
6 Other current assets		2,086	
Less allowance for doubtful receivables		(93)	
Total current assets		38,181	70.0
II Fixed assets:			
1 Property and equipment:			
(1) Buildings	3,265		
(2) Land	883		
(3) Other tangible fixed assets	989	5,138	9.4
2 Intangible fixed assets:			
(1) Goodwill	569		
(2) Software	2,443		
(3) Other intangible fixed assets	83	3,096	5.7
3 Investments and other assets:			
(1) Investment securities	1,450		
(2) Long-term loans	175		
(3) Deferred tax assets	580		
(4) Lease guarantee deposits	4,395		
(5) Other investments	1,615		
Less allowance for doubtful receivables	(73)	8,144	14.9
Total fixed assets		16,378	30.0
Total assets		54,559	100.0

	3Q FY ending 2008 (as of February 29, 2008)	
	Millions of yen	(%)
LIABILITIES		
I Current liabilities:		
1 Accounts payable —trade	817	
2 Short-term loans payable	3,636	
3 Accounts payable —other	2,216	
4 Accrued expenses	9,867	
5 Income taxes payable	925	
6 Consumption taxes payable	1,829	
7 Reserve for bonus	1,149	
8 Reserve for directors' bonus	15	
9 Other current liabilities	3,445	
Total current liabilities	23,903	43.8
II Long-term liabilities:		
1 Long-term loans payable	7	
2 Long-term payables —other	55	
3 Deferred tax liabilities	5	
4 Allowance for employees' severance retirement benefits	784	
5 Allowance for directors' retirement benefits	881	
6 Other long-term liabilities	43	
Total long-term liabilities	1,778	3.3
Total liabilities	25,682	47.1
NET ASSETS		
I Shareholders' equity:		
1 Common stock	5,000	9.2
2 Capital surplus	15,665	28.7
3 Retained earnings	5,291	9.7
4 Treasury stock	(2,257)	(4.1)
Total shareholders' equity	23,699	43.5
II Valuation and conversions:		
1 Net unrealized holding gain on other securities	67	0.1
2 Foreign currency translation adjustment	61	0.1
Total valuation and conversions	128	0.2
III Minority interests	5,049	9.2
Total net assets	28,877	52.9
Total liabilities and net assets	54,559	100.0

(2) Summary of third quarter statement of income

	3Q FY ending 2008 (June 1, 2007 to February 29, 2008)		
	Millions of yen		(%)
I Net sales		177,766	100.0
II Cost of sales		140,749	79.2
Gross profit		37,017	20.8
III Selling, general and administrative expenses		31,929	17.9
Operating income		5,087	2.9
IV Non-operating income:			
1 Interest income	41		
2 Investment gain on the equity method	33		
3 Subsidy	156		
4 Other income	139	371	0.2
V Non-operating expenses:			
1 Interest expenses	25		
2 Bad debt loss	151		
3 Holding company establishment expenses	54		
4 Other expenses	87	318	0.2
Ordinary income		5,140	2.9
VI Extraordinary gains:			
1 Gain on sales of investment securities	1,097		
2 Subsidy	35	1,133	0.6
VII Extraordinary losses:			
1 Loss on disposal of fixed assets	98		
2 Loss on fixed asset rationalization	35		
3 Impairment loss	45		
4 Valuation loss on investment securities	23		
5 Constructive loss on change in equity of an affiliate	18	221	0.1
Income before income taxes and minority interests		6,051	3.4
Income taxes —current	2,440		
Income taxes —deferred	602	3,043	1.7
Minority interests		658	0.4
Net income		2,349	1.3

(3) Summary of third quarter consolidated statement of changes in shareholders' equity

(June 1, 2007 to February 29, 2008)

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

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of May 31, 2007	8,358	7,493	10,636	(4,287)	22,200
Movements during the 3Q of the fiscal year ending May 31, 2008					
Issuance of new shares	32	32	—	—	65
Distribution of surplus	—	—	(916)	—	(916)
Net income	—	—	2,349	—	2,349
Change due to the establishment of a holding company through the transfer of shares	(3,391)	8,139	(6,778)	2,030	—
Net change in line items other than shareholders' equity	—	—	—	—	—
Total due to movements during the 3Q of the fiscal year ending May 31, 2008	(3,358)	8,172	(5,344)	2,030	1,499
Balance as of February 29, 2008	5,000	15,665	5,291	(2,257)	23,699

	Valuation and conversions			Minority interests	Total net assets
	Net unrealized holding gain on other securities	Foreign currency translation adjustment	Total valuation and conversions		
Balance as of May 31, 2007	96	79	175	4,528	26,904
Movements during the 3Q of the fiscal year ending May 31, 2008					
Issuance of new shares	—	—	—	—	65
Distribution of surplus	—	—	—	—	(916)
Net income	—	—	—	—	2,349
Change due to the establishment of a holding company through the transfer of shares	—	—	—	—	—
Net change in line items other than shareholders' equity	(29)	(17)	(47)	521	473
Total due to movements during the 3Q of the fiscal year ending May 31, 2008	(29)	(17)	(47)	521	1,972
Balance as of February 29, 2008	67	61	128	5,049	28,877

(4) Summary of third quarter consolidated statement of cash flows

	3Q FY ending 2008 (June 1, 2007 to February 29, 2008)
	Millions of yen
I Cash flows from operating activities:	
Income before income taxes	6,051
Depreciation	978
Impairment loss	45
Amortization of goodwill	160
Bad debt loss	152
Decrease in allowance for doubtful receivables	(5)
Decrease in reserve for bonus	(447)
Decrease in reserve for directors' bonus	(4)
Increase in allowance for employees' severance retirement benefits	77
Decrease in allowance for directors' retirement benefits	(91)
Interest and dividend income	(46)
Interest expense	25
Subsidy	(192)
Foreign exchange gain	(0)
Investment gain on equity method	(33)
Constructive loss on change in equity of an affiliate	18
Loss on sale and disposal of fixed assets	98
Loss on fixed asset rationalization	35
Gain on sales of investment securities	(1,097)
Valuation loss on investment securities	23
Decrease in accounts receivable — trade	1,185
Decrease in accounts payable — trade	(1,884)
Decrease in consumption tax payable	(806)
Decrease in other liabilities	(508)
Other	247
Subtotal	3,983
Interest and dividends received	52
Interest paid	(26)
Subsidies received	267
Income taxes paid	(4,073)
Net cash provided by operating activities	203

	3Q FY ending 2008 (June 1, 2007 to February 29, 2008)
	Millions of yen
II Cash flows from investing activities:	
Increase in time deposits	(90)
Payments for purchases of tangible fixed assets	(1,960)
Proceeds from sale of tangible fixed assets	1
Payments for purchase of intangible fixed assets	(1,027)
Payments for purchase of investment securities	(12)
Proceeds from sale of investment securities	1,421
Other	(270)
Net cash used in investing activities	(1,938)
III Cash flows from financing activities:	
Increase in short-term loans	3,523
Repayment of long-term loans payable	(1)
Repayment of financial lease	(22)
Proceeds from issuance of shares	65
Payments for dividends	(1,062)
Other	14
Net cash provided by financing activities	2,517
IV Effect of exchange rate changes on cash and cash equivalents	(14)
V Net increase in cash and cash equivalents	768
VI Cash and cash equivalents at the beginning of the period	11,750
VII Cash and cash equivalents at the end of the period	12,518

(5) Segment information

3Q, FY ending 2008 (June 1, 2007 to February 29, 2008)

(Millions of yen)

	Temporary staffing/Contracting, Placement/Recruiting	Outplacement	Outsourcing	Other	Total	Eliminations and Corporate	Consolidated
Net sales							
(1) Sales to outside customers	162,596	4,221	9,798	1,150	177,765	0	177,766
(2) Intersegment sales and transfers	214	2	295	394	906	(906)	—
Total	162,810	4,223	10,093	1,544	178,672	(905)	177,766
Operating expenses	159,194	3,256	8,687	1,560	172,699	(20)	172,679
Operating income (loss)	3,615	966	1,406	(15)	5,972	(885)	5,087

Notes:

1. Business segments are classified on the basis of operating markets and service details.

2. Principal components of each business segment

Business segment	Principal services
Temporary staffing/Contracting, Placement/Recruiting	Temporary staffing and contracting, placement and recruiting, other
Outplacement	Outplacement support services
Outsourcing	Employee welfare and benefit agency services
Other	Child-care operation services, other

3. Unallocated expenses included in the eliminations and corporate components of operating expenses amounted to ¥890 million. These expenses primarily represent Group management fees that arose in connection with the shift to a pure holding company structure.

   Group management expenses that have historically been included in the temporary staffing and contracting and placement and recruiting business segment have been included in eliminations and corporate components of operating expenses in line with the shift to a pure holding company structure.

(6) Information on geographic areas

3Q, FY ending 2008 (June 1, 2007 to February 29, 2008)
Since the percentage of total segment sales in Japan exceeds 90%, information on geographic areas is omitted from this report.

(Reference) **Pasona Inc. —** Summary of quarterly consolidated financial statements

(1) Summary of quarterly consolidated balance sheets

	3Q FY ended 2007 (as of February 28, 2007)			FY ended 2007 (as of May 31, 2007)		
	Millions of yen		(%)	Millions of yen		(%)
ASSETS						
I Current assets:						
1 Cash and deposits		10,322			11,470	
2 Notes and accounts receivable — trade		21,804			23,667	
3 Marketable securities		361			361	
4 Inventories		235			320	
5 Deferred tax assets		612			1,106	
6 Income tax receivable		—			5	
7 Other current assets		1,477			2,240	
Less allowance for doubtful receivables		(86)			(87)	
Total current assets		34,727	71.2		39,086	71.8
II Fixed assets:						
1 Property and equipment:						
(1) Buildings	2,164			2,531		
(2) Land	793			793		
(3) Other tangible fixed assets	908	3,865	7.9	1,060	4,384	8.0
2 Intangible assets:						
(1) Goodwill	566			765		
(2) Software	1,753			1,799		
(3) Other intangibles	83	2,403	4.9	82	2,647	4.9
3 Investments and other assets:						
(1) Investment securities	1,783			1,846		
(2) Long-term loans	148			187		
(3) Deferred tax assets	754			787		
(4) Lease guarantee deposits	3,693			4,073		
(5) Other investments	1,495			1,503		
Less allowance for doubtful receivables	(95)	7,778	16.0	(92)	8,306	15.3
Total fixed assets		14,048	28.8		15,338	28.2
Total assets		48,775	100.0		54,425	100.0

	3Q FY ended 2007 (as of February 28, 2007)		FY ended 2007 (as of May 31, 2007)	
	Millions of yen	(%)	Millions of yen	(%)
LIABILITIES				
I Current liabilities:				
1 Accounts payable — trade	563		1,387	
2 Short-term loans payable	3,241		111	
3 Accounts payable — other	1,978		3,122	
4 Accrued expenses	9,455		11,300	
5 Income taxes payable	786		2,169	
6 Consumption taxes payable	2,349		2,665	
7 Reserve for bonus	931		1,594	
8 Reserve for directors' bonus	27		19	
9 Other current liabilities	2,093		3,331	
Total current liabilities	21,426	43.9	25,704	47.2
II Long-term liabilities:				
1 Long-term debt	11		9	
2 Long-term payables — other	65		57	
3 Deferred tax liabilities	49		45	
4 Allowance for employees' severance retirement benefits	691		706	
5 Allowance for directors' retirement benefits	931		972	
6 Other long-term liabilities	23		24	
Total long-term liabilities	1,772	3.6	1,816	3.4
Total liabilities	23,199	47.5	27,520	50.6
NET ASSETS				
I Shareholders' equity				
1 Common stock	8,338	17.1	8,358	15.4
2 Capital surplus	7,473	15.3	7,493	13.8
3 Retained earnings	9,566	19.6	10,636	19.5
4 Treasury stock	(4,287)	(8.8)	(4,287)	(7.9)
Total shareholders' equity	21,091	43.2	22,200	40.8
II Valuation and conversions				
1 Net unrealized holding gain on other securities	93	0.2	96	0.2
2 Foreign currency translation adjustment	90	0.2	79	0.1
Total valuation and conversions	184	0.4	175	0.3
III Minority interests	4,300	8.9	4,528	8.3
Total net assets	25,576	52.5	26,904	49.4
Total liabilities and net assets	48,775	100.0	54,425	100.0

(2) Summary of quarterly consolidated statements of income

	3Q FY ended May 31, 2007 (June 1, 2006 to February 28, 2007)			FY ended May 31, 2007 (June 1, 2006 to May 31, 2007)		
	Millions of yen		(%)	Millions of yen		(%)
I Net sales		170,700	100.0		231,231	100.0
II Cost of sales		135,833	79.6		184,181	79.7
Gross profit		34,867	20.4		47,050	20.3
III Selling, general and administrative expenses		28,222	16.5		38,542	16.6
Operating income		6,644	3.9		8,507	3.7
IV Non-operating income:						
1 Interest income	29			46		
2 Investment gain on equity method	47			144		
3 Subsidy from government	8			—		
4. Subsidy	—			64		
5 Insurance fund income	15			—		
6 Consumption tax and other exemption income	23			43		
7 Other income	68	192	0.1	111	410	0.2
V Non-operating expenses:						
1 Interest expenses	27			36		
2 Commitment line of credit commission	21			39		
3 Other expenses	29	77	0.1	34	110	0.1
Ordinary income		6,759	3.9		8,807	3.8
VI Extraordinary gains:						
1.Gain on sale of investment securities	2			43		
2 Gain on sale of investment in affiliated companies	—	2	0.0	205	249	0.1
VII Extraordinary losses:						
1 Loss on disposal of fixed assets	37			60		
2 Impairment loss	63			155		
3 Loss on sales of investment in affiliated companies	25			25		
4 Loss on devaluation of investment securities	—			48		
5 Valuation loss on membership rights	8			8		
6 Constructive loss on change in equity of an affiliate	13			22		
7 Transfer to allowance for investment loss	—	148	0.1	14	335	0.1
Income before income taxes and minority interests		6,613	3.8		8,720	3.8
Income taxes — current	2,604			4,073		
Income taxes — deferred	482	3,087	1.8	(51)	4,022	1.8
Minority interests		401	0.2		500	0.2
Net income		3,123	1.8		4,198	1.8

(3) Summary of third quarter consolidated statement of changes in shareholders' equity (June 1, 2006 to February 28, 2007)

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

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of May 31, 2006	8,322	7,457	7,664	—	23,444
Movements during the 3Q of the fiscal year ended May 31, 2007					
Issuance of new shares	16	16	—	—	33
Distribution of surplus	—	—	(1,195)	—	(1,195)
Net income	—	—	3,123	—	3,123
Payment of directors' bonus	—	—	(2)	—	(2)
Acquisition of treasury stock	—	—	—	(4,287)	(4,287)
Decrease due to the decrease in subsidiaries	—	—	(23)	—	(23)
Net change in line items other than shareholders' equity	—	—	—	—	—
Total due to movements during the 3Q of the fiscal year ended May 31, 2007	16	16	1,901	(4,287)	(2,352)
Balance as of February 28, 2007	8,338	7,473	9,566	(4,287)	21,091

	Valuation and conversions			Minority interests	Total net assets
	Net unrealized holding gain on other securities	Foreign currency translation adjustment	Total valuation and conversions		
Balance as of May 31, 2006	140	61	201	3,988	27,634
Movements during the 3Q of the fiscal year ended May 31, 2007					
Issuance of new shares	—	—	—	—	33
Distribution of surplus	—	—	—	—	(1,195)
Net income	—	—	—	—	3,123
Payment of directors' bonus	—	—	—	—	(2)
Acquisition of treasury stock	—	—	—	—	(4,287)
Decrease due to the decrease in subsidiaries	—	—	—	—	(23)
Net change in line items other than shareholders' equity	(46)	29	(17)	311	294
Total due to movements during the 3Q of the fiscal year ended May 31, 2007	(46)	29	(17)	311	(2,057)
Balance as of February 28, 2007	93	90	184	4,300	25,576

(June 1, 2006 to May 31, 2007)

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

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of May 31, 2006	8,322	7,457	7,664	—	23,444
Movements during the fiscal year ended May 31, 2007					
Issuance of new shares	35	35	—	—	71
Distribution of surplus	—	—	(1,195)	—	(1,195)
Net income	—	—	4,198	—	4,198
Payment of directors' bonus	—	—	(2)	—	(2)
Acquisition of treasury stock	—	—	—	(4,287)	(4,287)
Decrease due to the decrease in subsidiaries	—	—	(27)	—	(27)
Net change in line items other than shareholders' equity	—	—	—	—	—
Total due to movements during the fiscal year ended May 31, 2007	35	35	2,972	(4,287)	(1,243)
Balance as of May 31, 2007	8,358	7,493	10,636	(4,287)	22,200

	Valuation and conversions			Minority interests	Total net assets
	Net unrealized holding gain on other securities	Foreign currency translation adjustment	Total valuation and conversions		
Balance as of May 31, 2006	140	61	201	3,988	27,634
Movements during the fiscal year ended May 31, 2007					
Issuance of new shares	—	—	—	—	71
Distribution of surplus	—	—	—	—	(1,195)
Net income	—	—	—	—	4,198
Payment of directors' bonus	—	—	—	—	(2)
Acquisition of treasury stock	—	—	—	—	(4,287)
Decrease due to the decrease in subsidiaries	—	—	—	—	(27)
Net change in line items other than shareholders' equity	(43)	17	(25)	539	514
Total due to movements during the fiscal year ended May 31, 2007	(43)	17	(25)	539	(729)
Balance as of May 31, 2007	96	79	175	4,528	26,904

(4) Summary of quarterly consolidated statements of cash flows

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

	3Q FY ended May 31, 2007 (June 1, 2006 to February 28, 2007)	FY ended May 31, 2007 (June 1, 2006 to May 31, 2007)
I Cash flows from operating activities:		
Income before income taxes	6,613	8,720
Depreciation	793	1,071
Impairment loss	63	155
Amortization of others	8	16
Amortization of goodwill	171	276
Increase in allowance for doubtful receivables	29	26
(Decrease) increase in reserve for bonus	(339)	323
Decrease in reserve for directors' bonus	(104)	(111)
Increase in allowance for employees' severance retirement benefits	120	136
Increase in allowance for directors' retirement benefits	137	177
Interest and dividend income	(32)	(49)
Interest expenses	27	36
Foreign exchange gain	(11)	(15)
Investment gain on equity method	(47)	(144)
Constructive loss on change in equity	13	22
Loss on sale and disposal of fixed assets	37	60
Gain on sale of investment securities	(2)	(43)
Valuation loss on investment securities	—	48
Gain on sale of securities in affiliated companies	—	(205)
Loss on sale of securities in affiliated companies	25	25
Increase in accounts receivable — trade	(833)	(2,712)
Decrease in inventories	96	14
Decrease (increase) in other current assets	389	(587)
(Decrease) increase in accounts payable — trade	(990)	1,395
(Decrease) increase in consumption tax payable	(109)	242
(Decrease) increase in other current liabilities	(693)	1,507
Directors' bonuses paid	(4)	(4)
Others	(2)	12
Subtotal	5,357	10,397
Interest and dividends received	36	54
Interest paid	(26)	(35)
Income taxes paid	(4,385)	(4,518)
Net cash provided by operating activities	981	5,897

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

	3Q FY ended May 31, 2007 (June 1, 2006 to February 28, 2007)	FY ended May 31, 2007 (June 1, 2006 to May 31, 2007)
II Cash flows from investing activities:		
Increase in time deposits	(12)	(52)
Payments for purchases of fixed assets	(763)	(1,020)
Payments for purchases of intangible assets	(584)	(673)
Proceeds from sale of intangible assets	—	0
Payments for purchases of investment securities	(481)	(514)
Proceeds from sale of investment securities	2	2
Payments for the acquisition of subsidiary shares in line with the change in the scope of consolidation	(44)	(44)
Payments for the sale of subsidiary shares in line with the change in the scope of consolidation	(91)	(91)
Proceeds from sale of securities of subsidiaries due to change in consolidated subsidiaries	—	3
Payments for additional purchases of securities of subsidiaries	—	(29)
Proceeds from sale of certain securities of subsidiaries	—	278
Payments for increase in loans receivable	(94)	(116)
Proceeds from collection of loans receivable	110	239
Payments for receipt of business rights	—	(363)
Proceeds from other investments	139	242
Payments for other investments	(678)	(1,086)
Net cash used in investing activities	(2,497)	(3,226)
III Cash flows from financing activities:		
Increase (decrease) in short-term loans Payable	3,041	(87)
Repayment of long-term debt	(0)	(1)
Repayment of financial lease	(133)	(135)
Proceeds from issuance of shares	33	71
Proceeds from minority shareholder Payments	38	82
Proceeds from issuance of shares to minority shareholders	45	57
Payments for the acquisition of treasury stock	(4,287)	(4,287)
Payments for dividends by parent company	(1,192)	(1,190)
Payments for dividends to minority Shareholders	(116)	(116)
Net cash used in financing activities	(2,572)	(5,607)
IV Effect of exchange rate changes on cash and cash equivalents	33	29
V Net (decrease) increase in cash and cash equivalents	(4,055)	(2,905)
VI Cash and cash equivalents at the beginning of the period	14,656	14,656
VII Cash and cash equivalents at the end of the period	10,601	11,750

(5) Segment information

3Q, FY ended 2007 (June 1, 2006 to February 28, 2007)

(Millions of yen)

	Temporary staffing/Contracting, Placement/Recruiting	Outplacement	Outsourcing	Other	Total	Eliminations and Corporate	Consolidated
Net sales							
(1) Sales to outside customers	158,691	3,513	7,270	1,226	170,700	—	170,700
(2) Intersegment sales and transfers	164	12	244	280	703	(703)	—
Total	158,855	3,526	7,514	1,506	171,403	(703)	170,700
Operating expenses	153,527	2,683	6,715	1,837	164,763	(707)	164,055
Operating income (loss)	5,328	842	799	(330)	6,640	4	6,644

Notes:

1. Business segments are classified on the basis of operating markets and service details.

2. Principal components of each business segment

Business segment	Principal services
Temporary staffing/Contracting, Placement/Recruiting	Temporary staffing and contracting, placement and recruiting, other
Outplacement	Outplacement support services
Outsourcing	Employee welfare and benefit agency services
Other	Child-care operation services, recruiting portal site management, other

FY ended 2007 (June 1, 2006 to May 31, 2007)

	Temporary staffing/Contracting, Placement/Recruiting	Outplacement	Outsourcing	Other	Total	Eliminations and Corporate	Consolidated
Net sales							
(1) Sales to outside customers	215,372	4,392	9,878	1,588	231,231	—	231,231
(2) Intersegment sales and transfers	226	15	347	386	976	(976)	—
Total	215,598	4,408	10,226	1,975	232,208	(976)	231,231
Operating expenses	208,634	3,649	9,051	2,371	223,706	(982)	222,724
Operating income (loss)	6,964	758	1,174	(396)	8,501	6	8,507

Notes:

1. Business segments are classified on the basis of operating markets and service details.

2. Principal components of each business segment

Business segment	Principal services
Temporary staffing/Contracting, Placement/Recruiting	Temporary staffing and contracting, placement and recruiting, other
Outplacement	Outplacement support services
Outsourcing	Employee welfare and benefit agency services
Other	Child-care operation services, recruiting portal site management, other

(6) Information on geographic areas

3Q, FY ended 2007 (June 1, 2006 to February 28, 2007)
Since the percentage of total segment sales in Japan exceeds 90%, information on geographic areas is omitted from this report.

FY ended 2007 (June 1, 2006 to May 31, 2007)
Since the percentage of total segment sales in Japan and the percentage of total segment assets in Japan exceed 90%, information on geographic areas is omitted in the report.