

Results for the Fiscal Year Ended May 31, 2014

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

July 15, 2014

Pasona Group Inc.

First Section TSE (2168)

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

Social solution company



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

FY2013 Summary

(Billions of yen)	FY2012	FY2013	YoY
Net sales	207.7	208.7	+0.5%
Gross profit	40.1	40.2	+0.4%
SG&A expenses	36.9	37.0	+0.4%
Operating income	3.18	3.21	+1.1%
Net income	0.61	0.53	(13.8)%

FY2013 Summary

Expansion of the solutions lineup resulted in revenue gains from Outsourcing and Insourcing, offsetting declines in temporary staffing and outplacement.

(Billions of yen)	Net sales			Operating income		
	FY12	FY13	YoY	FY12	FY13	YoY
Expert Services (Temporary Staffing)	129.7	124.3	(4.2)%			
Insourcing (Contracting)	37.0	39.5	+6.8%			
HR Consulting, others	4.1	4.7	+13.9%	2.7	2.9	+7.9%
Place & Search	2.9	3.4	+19.5%			
Global Sourcing	3.2	3.7	+13.3%			
Outplacement	12.2	10.4	(15.4)%	2.2	1.0	(54.1)%
Outsourcing	17.6	20.4	+15.6%	2.7	3.1	+14.0%
Eliminations and Corporate	(3.0)	(3.0)	-	(4.3)	(3.7)	-

Strategic Priorities for the Fiscal Year Ending May 31, 2015

Social solution company



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Strategic Priorities for FY2014

Expand the Expert Services business with greater education and training

Increase training-style temporary staffing

Use IT to enhance efficiency, and strengthen the career support system

Promote solution services through group collaboration

Utilize IT to expand the solution service menu

Group collaboration to promote the utilization of women

Strengthen measures in new growth fields

Bolster the fields of education and training, healthcare, childcare, and agriculture

Expand the Staffing Business through Education and Training (1)

The temporary staffing market is recovering on increased labor demand.

Current Conditions in the Labor Market

May 2014 – Active opening ratio: **1.09** times
Highest in the post-bubble era

But

Opening ratio for clerical work
(including part-time): **0.28** times
(Status of placement for general employment at May 2014)

Considerable variation by type of work

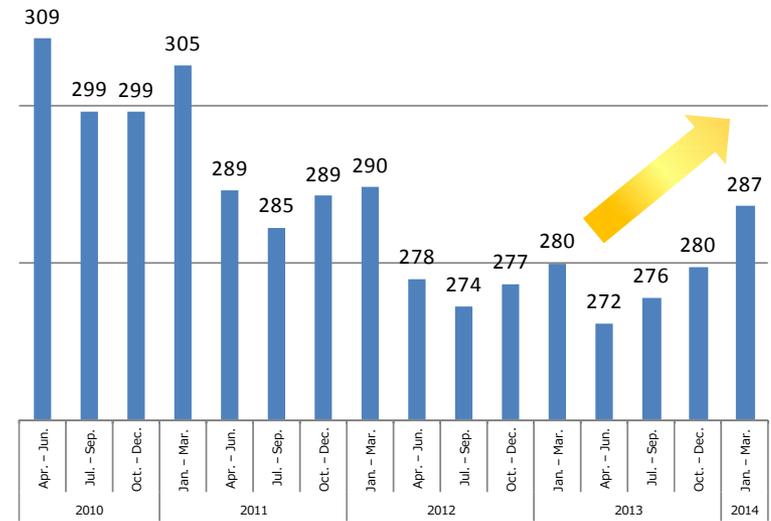


For clerical work in particular, enhancing skills to improve employability is a critical issue.

Temporary Staffing Market

Impact from tightening of staffing regulations has eased, and the market is recovering.

Statistics from the Japan Staffing Services Association
No. of working staff
(Excluding manufacturing work; Unit: Thousands of people)



Expand the Staffing Business through Education and Training (2)

Support staff career development through training-style temporary staffing

Accounting



Develop certification with Japan Association for Chief Financial Officers

Foreign Language



Support persons looking to become translators and interpreters

Trading



Annual employment plan for specified staffing

250 persons

Finance



Training of securities company representatives
General finance in future

IT



Plan for training persons with qualifications

100 persons

Engineering



LSI/FPGA verification engineers

100 persons

Medical



Training persons with qualifications
Strengthen through M&A



Accelerate growth through M&A and business tie-ups

Expand the Staffing Business through Education and Training (3)

Use IT to enhance efficiency, and strengthen the career support system

Introduce advanced technology



Enhance sales productivity with BPR

salesforce

Mobile/Cloud

Quickly share data on new registrations and orders
Contribute to quicker and more precise matching

e-TimeCard

Paperless

Instant sharing of attendance data for temporary staff
Achieve paperless operations and strengthen management

Strengthen career support



Enhance the quality and quantity of staff support

Increase sales personnel

Eliminate office and field work categories with BPR
Move 200 personnel to sales to increase staff

Career counseling

Current staff includes 110 persons with national certification*, and more than 400 other standard-level qualifications

* First or second rank Career Consultant

Laws and Regulations

Bill to Revise the Worker Dispatching Act

※Submitted a revised bill at the ordinary Diet session in March 2014, and then withdrawn in the Diet on June 20, 2014.
Scheduled to resubmit to the next Diet session

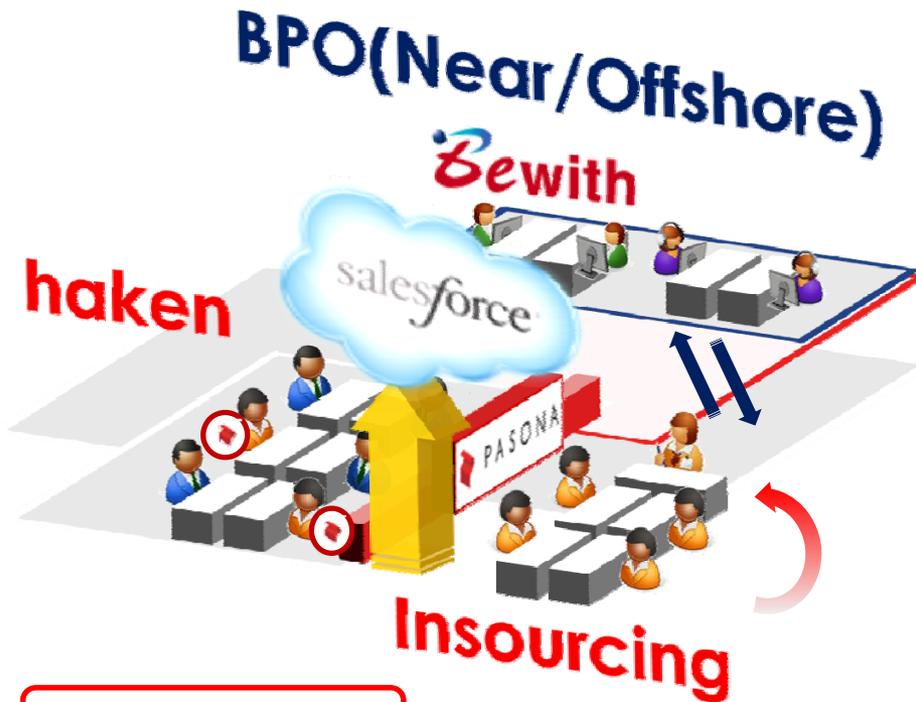
1. Removes distinction between "general worker dispatching undertakings" (licensing system) and "specified worker dispatching undertakings" (reporting system), **creating a unified licensing system**.
2. New time limits ; **Establishes time limit of three years for an individual temporary worker**, eliminating the current exception that exists for 26 professions. To coincide with this, it also establishes a per-business location temporary staff time limit.
If the temporary worker reaches the time limit, the temporary staffing agency is obligated to devise **measures to stabilize employment**.
3. Strengthens initiatives **to secure equal treatment** of temporary workers by both staffing agencies and the companies that use them.
Pushes career advancement for temporary workers through measures such as **requiring staffing agencies to provide education and training** in a systematic fashion.

Labor Contract Act (took effect April 1, 2013)

1. Conversion to indefinite-term labor contracts ; The amended law allows fixed-term contract workers employed by the same employer for a total of more than **five years** to convert their employment contract to an **indefinite-term contract** upon request at the time of contract renewal.
2. Statutory adoption of the "**Termination of Employment Doctrine**" (took effect August 10, 2012)
A rule that codifies the "Termination of Employment Doctrine" that has been established by Supreme Court precedent and invalidates termination by the user under certain circumstances.
3. The amended law establishes a rule prohibiting unreasonable differences in employment conditions between fixed-term contract employees and indefinite-term contract employees. (took effect April 1, 2013)

Promote Solution Services through Group Collaboration (1)

Expert Services → Insourcing/BPO + Cloud solutions



Strategy

1st Analysis and standardization of work at staffing clients

Haken

2nd Pasona contracts for operations (Lessen administrative costs)

Insourcing

3rd Transfer to our facilities

BPO (Near/Offshore)

NEW

Utilize the cloud for more efficient operations

Office 365

SAP

successfactors™
An SAP Company

salesforce

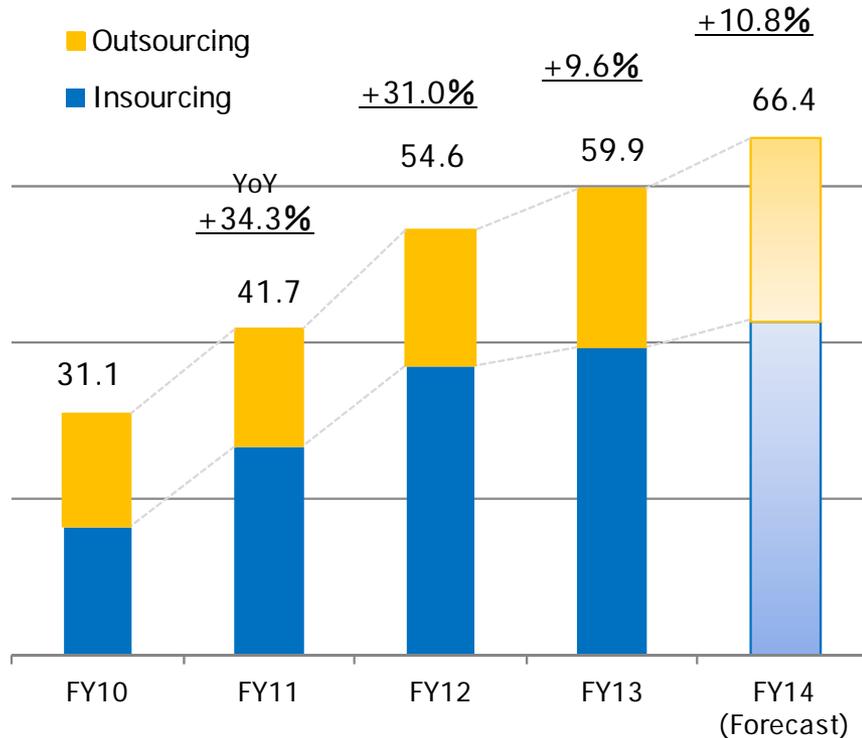
Provide a single place for both temporary staffing and Insourcing
Offer the best solution for the client's needs

Promote Solution Services through Group Collaboration (2)

Expand the BPO business

BPO-related sales

(Billions of yen)

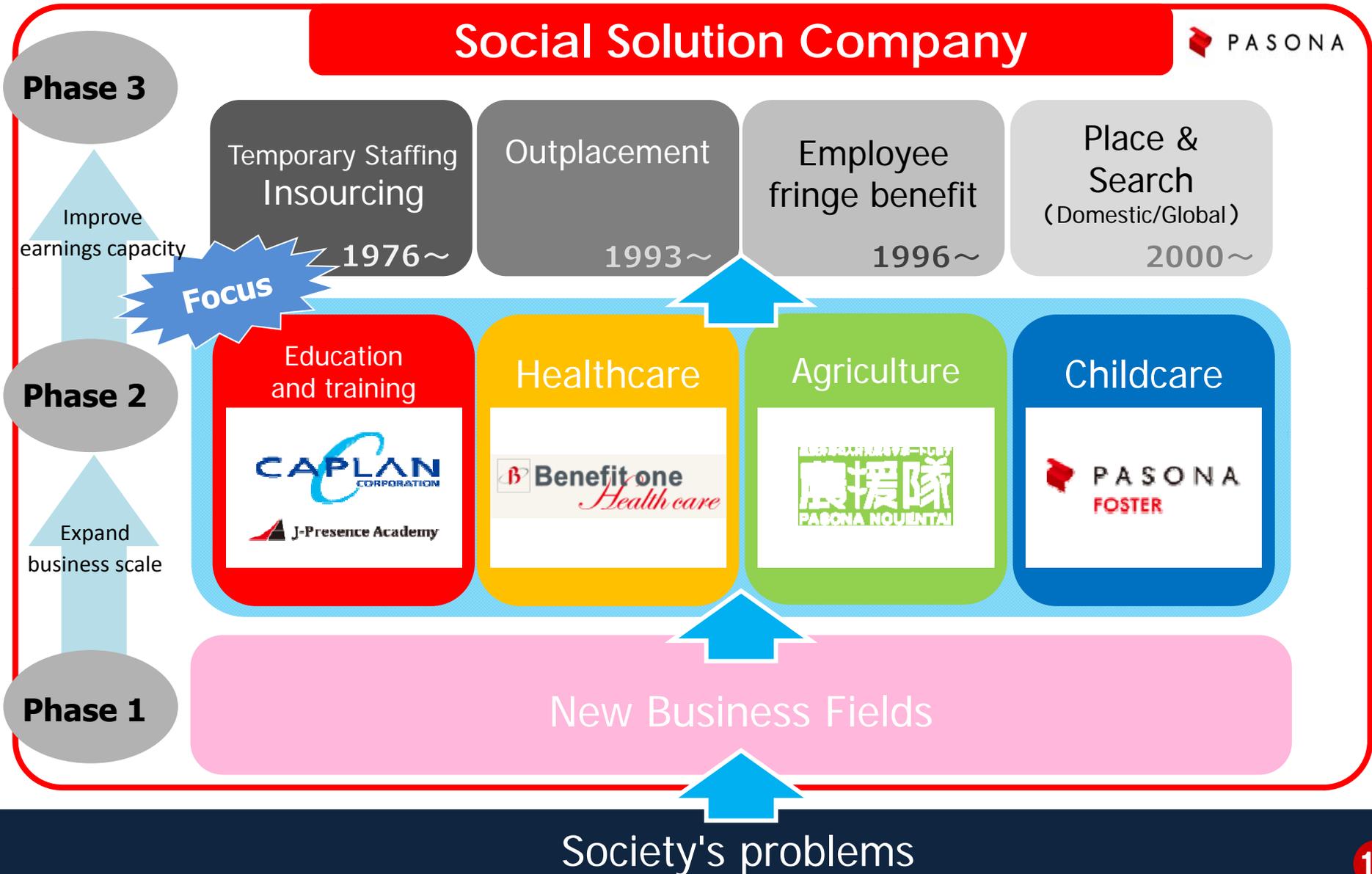


FY14 Targets

Expand sales, and increase the **profit margin** for the Insourcing business

- **Increase contracts from the private sector**
 - ➔ Collaborate with partners in other industries
 - Promote proposals with high levels of added value
- **Enhance operational efficiency**
 - ➔ Share accumulated operational know-how with the group as a database

Strengthen Measures in New Business Fields (1)



Strengthen Measures in New Business Fields (2)

Education & Training



Japan

Focus on hospitality and global training to handle the increase in foreign visitors to Japan

Overseas

Trainings in Japanese-style hospitality in Vietnam
Expand to Indonesia, China, Thailand, and elsewhere

New! MICE human resources training service

➔ Collaboration between CAPLAN and Pasona Language
Establish a Pasona MICE team

Pasona Education

「Pasona Global Edge」

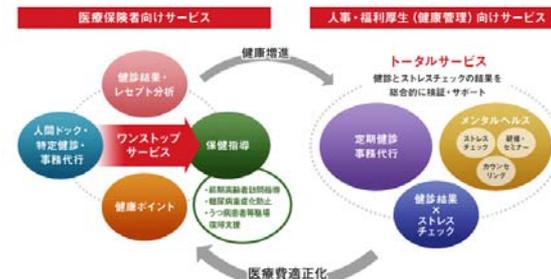
Overseas stay-type training in Hong Kong for companies and universities

➔ High school student program
New diversity management program

Health



業界初 疾病予防のワンストップサービス



Industry leader in illness prevention services for health insurance societies

Medical exams agent

Specific health guidance

Diabetes severity prevention

Mental health care

One-stop service for Data Health

Health insurance societies are being required to create a Data Health Plan based on health exam results and receipt data



Begin providing a comprehensive outsource service for analysis, plan formulation, and management

Strengthen Measures in New Business Fields (3)

Agriculture

農援隊
PASONA NOUENTAI



An extensive track record of more than a decade of agricultural training; in cooperation with local governments nationwide, Pasona trains new agricultural workers.

Total of **1,200** workers trained

Launch of agriculture support matching business

Organize support groups in each region to match workers with understaffed farm



Establish a stable production system and find people wanting to work in agriculture



Nursery Care

PASONA
FOSTER



Government policy to eliminate daycare waiting lists by 2017
Promoting the Yokohama system = Increase the number of nursery schools run by private companies

Open daycare centers

Provide staffing of childcare workers and babysitting business, as well as operate **51 locations** in the Tokyo metropolitan area, including certified public nursery schools and childcare centers at companies



Start by opening childcare centers in major companies at the end of July

Target of opening **seven centers** during the current fiscal year

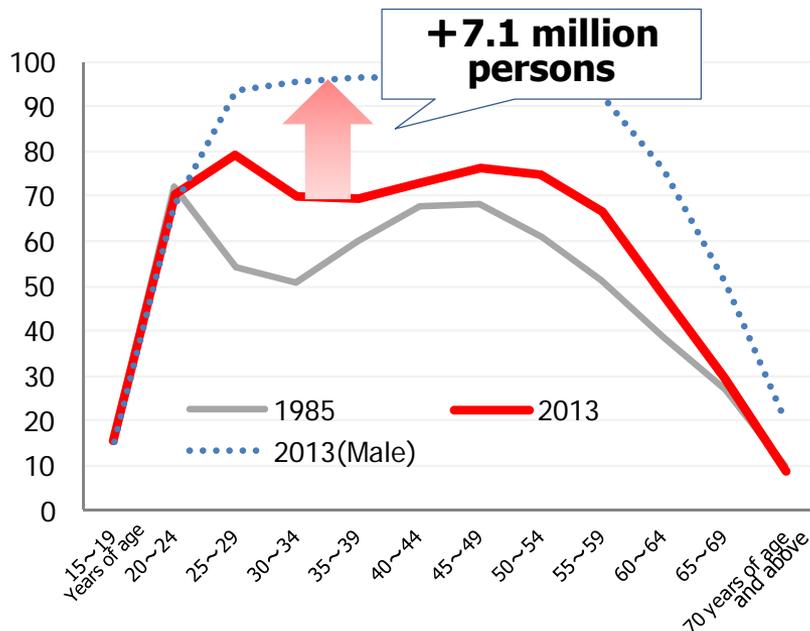
Promote the Utilization of Women (1)

Further participation of women in the workforce is essential for stable economic growth

Labor force participation rate (M-shaped curve)

By some estimates*, labor participation by women at the same rate as men would boost GDP 12.5%

*Goldman Sachs "Womenomics 4.0"



PASONA GROUP the Effective Use of Women

Nikkei survey of "Companies that Effectively Utilize People"

First in the "Diversity Management" category

Women in management position (manager and above) **43%**

Ratio of female directors **23%**

Ratio of women returning to work after giving birth to their first child **Essentially 100%**



Establish a special sales department
Fully explore the potential of consulting for the utilization of women

Promote the Utilization of Women (2)

Pursue a diverse menu of services to promote the utilization of women

Solutions for companies

Women's Workstyle Service

- ▶ Establish and operate daycare facilities in companies
- ▶ Training for managers of women returning to work
- ▶ Introduce menu of fringe benefits
- ▶ Consulting for adopting work-from-home program
- ▶ Analysis and advice on company human resources system



Solutions for working women

SME new worker discovery project

- ▶ Support return to work ("on-ramping") through internships
- ▶ Plan to provide support for 2,000 women over two years



WOMEN'S CAREER COLLEGE

Career advancement support

- ▶ Approximately 17,000 students enrolled annually
- ▶ Total of 1,271 courses

Consolidated Forecasts for FY2014

(Billions of yen)	FY2013	FY2014 (Forecast)	YoY
Net sales	208.7	232.0	+11.2%
Gross profit	40.2	45.8	+13.8%
SG&A expenses	37.0	42.3	+14.1%
Operating income	3.21	3.55	+10.6%
Net income	0.53	0.60	+14.0%

Results for the Fiscal Year Ended May 31, 2014

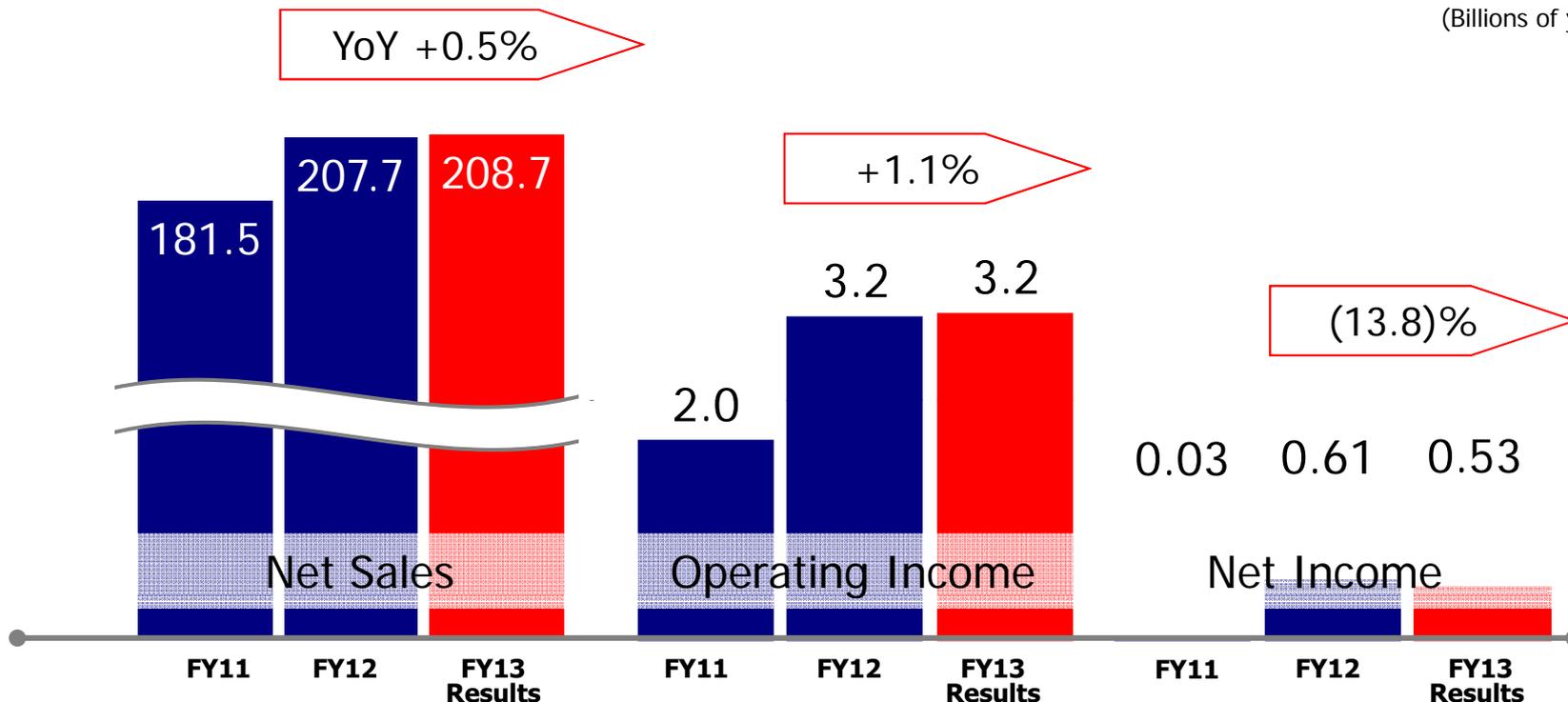
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Consolidated Results for FY2013

(Billions of yen)



(Millions of yen)	FY11	to net sales %	FY12	to net sales %	FY13 (Plans)	to net sales %	FY13	to net sales %	vs FY12 Increase/Decrease	%	vsFY13(Plans) Increase/Decrease	%
Net sales	181,498	100.0	207,685	100.0	222,000	100.0	208,660	100.0	975	0.5%	(13,339)	(6.0)%
Cost of sales	147,693	81.4	167,609	80.7	180,830	81.5	168,420	80.7	811	0.5%	(12,409)	(6.9)%
Gross profit	33,805	18.6	40,075	19.3	41,170	18.5	40,239	19.3	164	0.4%	(930)	(2.3)%
SG&A expenses	31,840	17.5	36,898	17.8	37,740	17.0	37,029	17.7	130	0.4%	(710)	(1.9)%
Operating income	1,964	1.1	3,176	1.5	3,430	1.5	3,210	1.5	33	1.1%	(219)	(6.4)%
Ordinary income	2,091	1.2	3,187	1.5	3,320	1.5	3,135	1.5	(51)	(1.6)%	(184)	(5.5)%
Net income	29	0.0	610	0.3	480	0.2	526	0.3	(84)	(13.8)%	46	9.6%

Consolidated Results by Segment

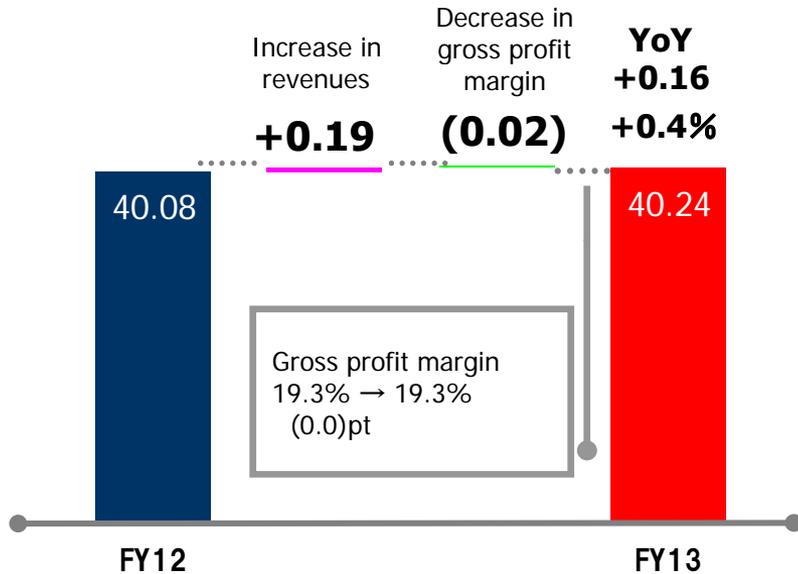
(Millions of yen)

	Segment	Net sales				Operating income				Operating income margin		
		FY12	FY13	Increase/ Decrease	YoY	FY12	FY13	Increase/ Decrease	YoY	FY12	FY13	Increase/ Decrease
1	Expert Services	129,720	124,280	(5,439)	(4.2)%	2,661	2,872	211	7.9%	1.5%	1.6%	0.1pt
2	Insourcing	37,007	39,527	2,520	6.8%							
3	HR Consulting, others	4,094	4,663	569	13.9%							
4	Place & Search	2,869	3,430	560	19.5%							
5	Global Sourcing	3,236	3,668	431	13.3%							
Subtotal		176,928	175,569	(1,358)	(0.8)%							
6	Outplacement	12,235	10,350	(1,884)	(15.4)%	2,164	993	(1,170)	(54.1)%	17.7%	9.6%	(8.1)pt
7	Outsourcing	17,610	20,356	2,746	15.6%	2,696	3,074	378	14.0%	15.3%	15.1%	(0.2)pt
8	Life Solutions Public Solutions Shared	3,933	5,401	1,468	37.3%	(46)	17	63	-	(1.2)%	0.3%	1.5pt
9	Eliminations and Corporate	(3,021)	(3,017)	3	-	(4,299)	(3,748)	550	-	-	-	-
10	Total	207,685	208,660	975	0.5%	3,176	3,210	33	1.1%	1.5%	1.5%	0.0pt

Gross Profit, SG&A expenses

(Billions of yen)

Gross Profit

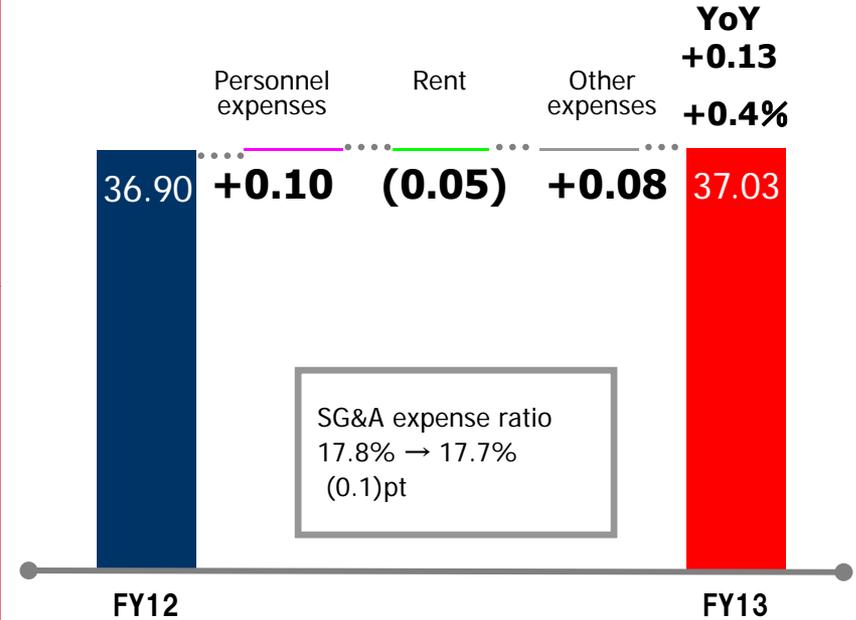


(Billions of yen)

	FY12	FY13	Increase/Decrease
Gross profit	40.08	40.24	+0.16
Gross profit margin	19.3%	19.3%	(0.0)pt

(Billions of yen)

SG&A expenses



(Billions of yen)

	FY12	FY13	Increase/Decrease
Personnel	21.55	21.65	+0.10
Advertisement and recruitment	1.05	1.10	+0.05
IT	2.00	1.87	(0.13)
Rent	3.72	3.67	(0.05)
Others	8.58	8.74	+0.16
Total	36.90	37.03	+0.13
SG&A expense ratio	17.8%	17.7%	(0.1)pt

Non-operating/Extraordinary income, Others

(Millions of yen)

	FY12	FY13	Increase/ Decrease	YoY
Operating income	3,176	3,210	33	1.1%
Non-operating income	313	305	(7)	(2.4)%
Non-operating expenses	302	380	77	25.7%
Ordinary income	3,187	3,135	(51)	(1.6)%
Extraordinary income	263	0	(262)	(99.9)%
Extraordinary loss	246	64	(181)	(73.8)%
Income before income taxes	3,204	3,071	(132)	(4.1)%
Income taxes—current	2,119	1,840	(278)	(13.1)%
Income taxes—deferred	(325)	(218)	106	-
Minority interests in income	799	923	123	15.4%
Net income	610	526	(84)	(13.8)%

● Non-operating income
Equity in losses of affiliates
¥92 million

● Extraordinary income
Gain on sales of subsidiaries and
affiliates' stocks
¥246 million

● Extraordinary loss
Impairment loss
¥169 million

Balance sheet

(Billions of yen)

Item of Increase/Decrease	May 31, 2013	May 31, 2014	Increase/ Decrease
Assets	71.3	75.6	4.3
Current assets	47.8	48.5	0.7
Cash and deposits	20.6	18.2	(2.4)
Notes and accounts receivable—trade	22.3	24.7	2.4
Noncurrent assets	23.4	27.1	3.6
Goodwill	4.1	5.2	1.1
Investment securities	1.6	2.8	1.3
Net defined benefit asset *	0.0	0.6	0.6
Liabilities	45.0	48.4	3.4
Current liabilities	33.7	37.0	3.2
Short-term loans payable	3.0	5.3	2.3
Unearned revenue	3.4	2.1	(1.3)
Noncurrent liabilities	11.3	11.5	0.2
Long-term loans payable	5.7	6.5	0.8
Net defined benefit liability	1.6	1.1	(0.5)
Net assets	26.3	27.2	0.9
Shareholders' equity	20.8	20.6	(0.2)
Treasury stock	(3.5)	(3.8)	(0.3)
Accumulated other comprehensive income	0.1	0.5	0.4
Remeasurements of defined benefit plans *	0.0	0.3	0.3
Minority interests	5.3	6.1	0.7
Treasury stock ratio	29.3%	27.9%	(1.4)%

Item of Increase/Decrease

【Accounts receivable—trade】

Increase from sales gain and M&A

【Goodwill】

Acquisition of Medical Associa Inc. etc ¥2 billion
Amortization of goodwill ¥(0.9) billion

【Investment securities】

Investment in Cool Japan Fund, etc. ¥500 million

【Net defined benefit asset】

Increase in pension assets

【Long and short-term loans payable】

New procurement ¥5,300 million
M&A ¥800 million
Long-term loans payable ¥(3) billion

【Unearned revenue】

Decline in orders for outplacement support

【Treasury stock】

Share holdings in Medical Associa Inc.

*Portion related to change in accounting standards for retirement benefits

Cash Flows

Item of Increase/Decrease

(Billion of yen)

Item of Increase/Decrease	May 31,2013	May 31,2014	Increase/ Decrease
Cash flows from operating activities	5.9	1.6	(4.2)
Income before income taxes	3.2	3.1	(0.1)
Depreciation and amortization	2.6	2.4	(0.3)
Amortization of goodwill	0.7	0.9	0.2
Increase (decrease) in net defined benefit liability	0.3	(0.6)	(0.9)
Decrease (increase) in notes and accounts receivable—trade	0.6	(1.5)	(2.1)
Increase (decrease) in other liabilities	0.6	(0.8)	(1.4)
Cash flows from investing activities	(4.5)	(4.9)	(0.4)
Purchase of property, plant and equipment	(2.6)	(0.8)	1.8
Purchase of investment securities	(0.8)	(1.3)	(0.4)
Purchase of investments in subsidiaries resulting in change in scope of consolidation	0.0	(1.2)	(1.2)
Payments for transfer of business	0.0	(0.6)	(0.6)
Cash flows from financing activities	(4.3)	1.2	5.5
Proceeds from long-term loans payable	0.0	5.3	5.3
Repayment of long-term loans payable	(2.6)	(3.0)	(0.4)
Proceeds from sale and leaseback	1.0	0.0	(1.0)
Payments made to trust account	(1.4)	0.0	1.4
Cash and cash equivalents at the end of the period	19.9	18.0	(1.9)
Free cash flows	1.3	(3.3)	(4.6)

【Retirement benefit assets and liabilities】

Expenses negative on increase in managed assets

【Notes and accounts receivable—trade】

Increase in accounts receivable on M&A and higher sales

【Other liabilities】

Decrease in unearned revenue for Outplacement business

【Property, plant and equipment】

Previous year investment in Osaka office and Awaji Island projects

【M&A related expenses】

Acquisition of shares in Medical Associa Inc. and Support Corporation

【Long-term loans payable】

Procurement of long-term operating funds and M&A capital

Forecasts for the Fiscal Year Ending May 31, 2015

Social solution company



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Transition to consolidated tax payment system

- 14 group companies moved to consolidated tax payment system from June 2014
- Transition to consolidated tax payment system reduces the tax burden
- Ten of the consolidated subsidiaries changed their fiscal year-end from March to May
First quarter period will be five months (Apr.-Aug. 2014)

Consolidated parent corporation

Pasona Group Inc.

Companies in blue boxes changed their fiscal settlement period

Consolidated subsidiaries

Pasona Inc.

Pasona Tech, Inc

Pasona Foster Inc.

Pasona Marketing Inc.

Pasona Logicom Inc.

Pasona Heartful Inc.

Pasona Fortune Inc.

Pasona Agri-Partners Inc.

Pasona Life Care Inc.

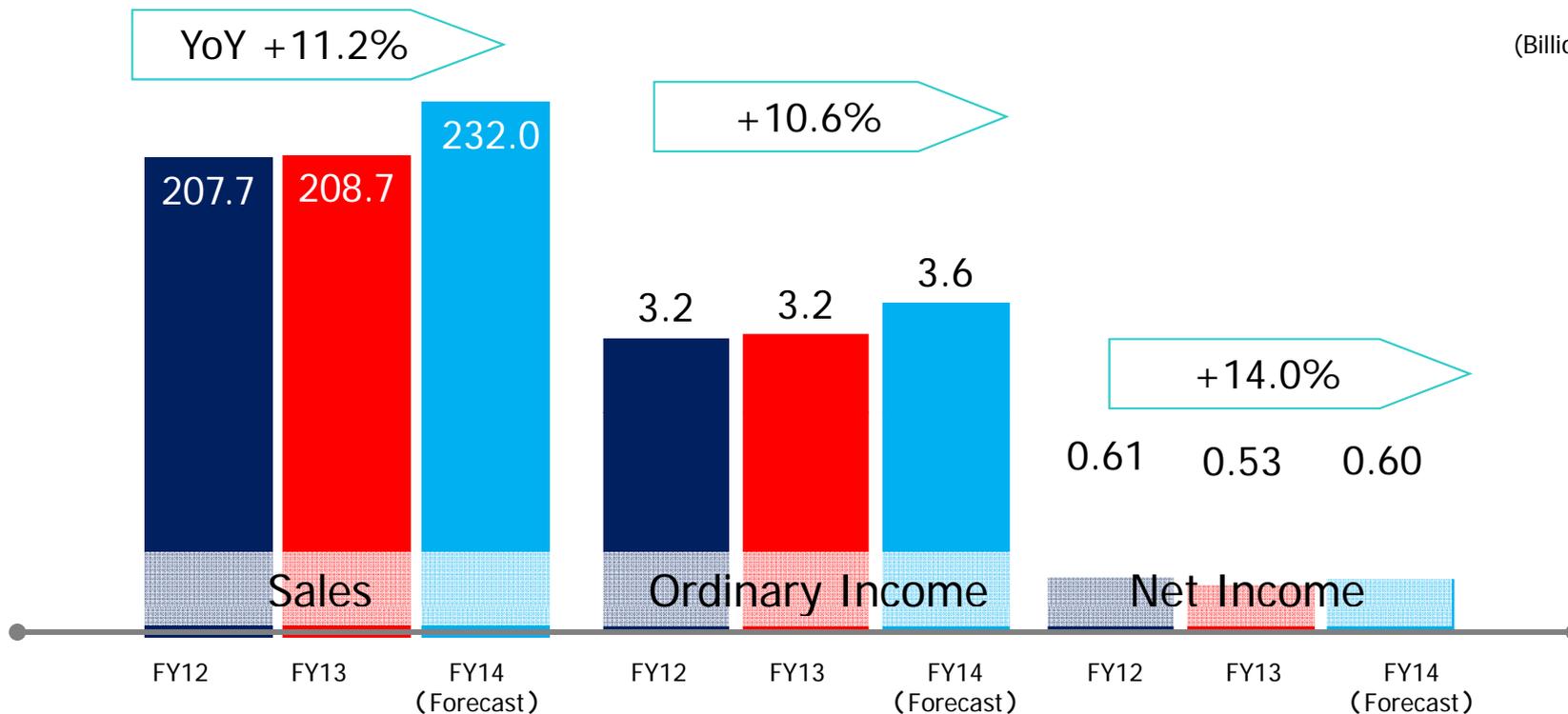
Pasona Tech Systems Inc.

ECOLOVE Inc.

*Other 2 companies

Consolidated Forecasts for FY2014

(Billions of yen)



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

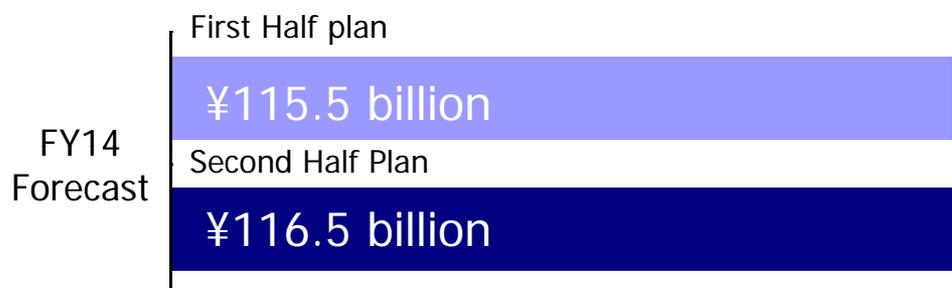
Consolidated Forecasts by Segment for FY2014

(Millions of yen)

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

Balance Between the First and Second Half of FY2014

Net Sales



Operating Income



(Millions of yen)	FY13 H1	FY2014 H1	to net sales	vsFY13 %	FY13 H2	FY2014 H2	to net sales	vsFY13 %	FY13	FY14	to net sales	vsFY13 %
Net Sales	102,619	115,500	100.0	12.6%	106,041	116,500	100.0	9.9%	208,660	232,000	100.0	11.2%
Cost of sales	83,208	93,420	80.9	12.3%	85,212	92,780	79.6	8.9%	168,420	186,200	80.3	10.6%
Gross profit	19,410	22,080	19.1	13.8%	20,829	23,720	20.4	13.9%	40,239	45,800	19.7	13.8%
SG&A expenses	18,372	21,430	18.6	16.6%	18,656	20,820	17.9	11.6%	37,029	42,250	18.2	14.1%
Operating income	1,038	650	0.6	(37.4)%	2,172	2,900	2.5	33.5%	3,210	3,550	1.5	10.6%
Ordinary income	961	650	0.6	(32.4)%	2,173	2,900	2.5	33.4%	3,135	3,550	1.5	13.2%
Net income (loss)	(25)	(350)	-	-	551	950	0.8	72.3%	526	600	0.3	14.0%

Returns to Shareholders

Dividend Policy

Basic policy to deliver adequate returns to shareholders while taking into consideration performance; while at the same time providing continuous and stable dividends

Dividends

Plan to pay ¥12 per share for the fiscal year ending May 31, 2015

- **FY2013 Dividend per share** **¥10** **Interim** — **Period-End** **¥10**
- **FY2014 Dividend forecast per share** **¥12** **Interim** — **Period-End** **¥12**

	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014 (Forecast)
Cash dividend per share (Yen)	500	1,000	1,000	1,000	10 (1,000)※	12 (1,200)※
Payout ratio (consolidated)	88.5%	90.8%	1,269.4%	61.3%	71.2%	73.8%

※ The Company implemented a 100-for-1 stock split of its common stock as of December 1, 2013.
Reference before stock split.

Reference

Social solution company



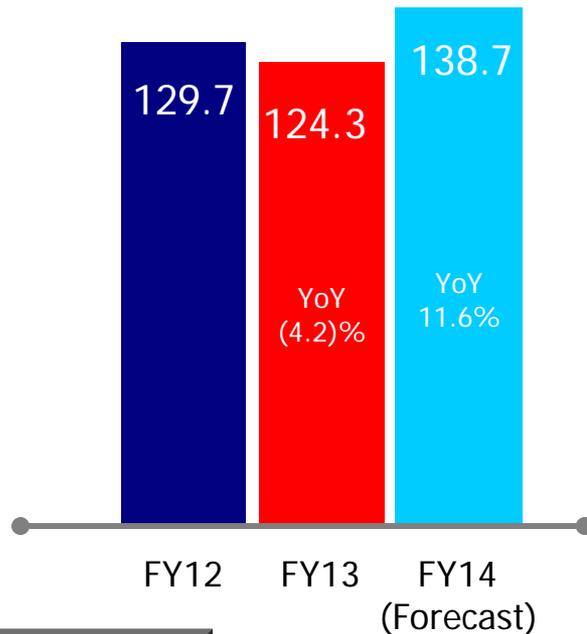
※ Units in billions of yen have been rounded to the nearest first decimal place. Units in millions of yen have been rounded down.

Expert Services (Temporary staffing)

Net Sales

※ Segment figures include intersegment sales

(Billions of yen)



Business Conditions

FY13 result

- Considerable increase in finance-related work as a result of the economic recovery and implementation of NISA
- Focused on training for specialized human resources; increase in temporary staffing for accounting, trading and IT
- Contract terminations due to tightening of staffing regulations have peaked

FY14 plan

- Pursue leveling after contract termination; recovery in number of long-term temporary staff at work
- Boost from M&A; strengthen training and temporary staffing in the medical field

Sales by Staffing Type

※ Figures exclude intersegment sales

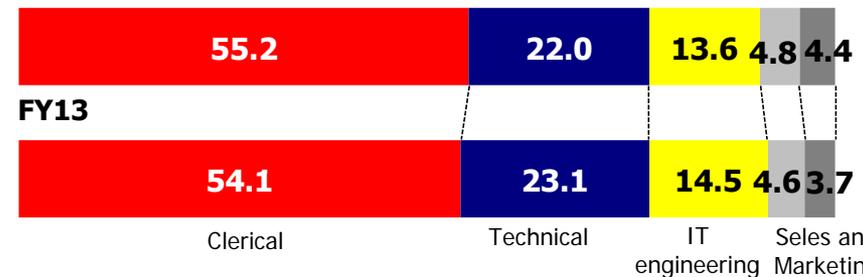
(Millions of yen)

	FY12	FY13	YoY
Clerical	71,378	67,022	(6.1)%
Technical	28,458	28,607	0.5%
IT engineering	17,622	17,973	2.0%
Sales and Marketing	6,228	5,693	(8.6)%
Other Expert Services	5,720	4,705	(17.8)%
Total	129,408	124,001	(4.2)%

Sales Composition

FY12

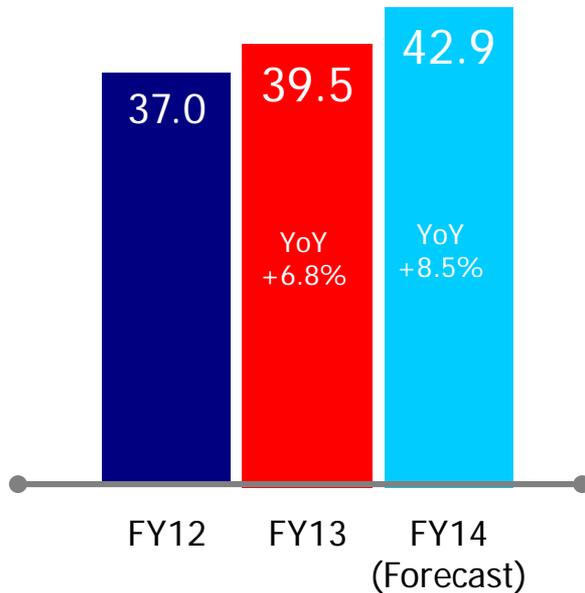
(%)



Insourcing (Contracting)

Net Sales

(Billions of yen)



Business Conditions

FY13 result

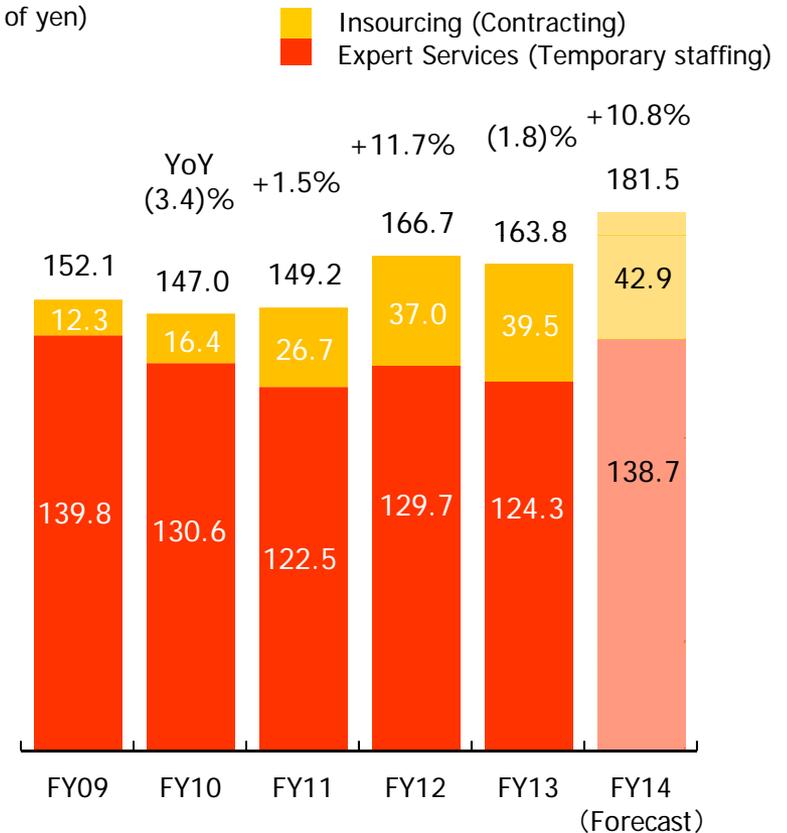
- In the private sector, growth achieved through additional orders based on track record of raising business efficiency
- In the public sector, steady increase in orders for public affairs work

FY14 plan

- Utilization of cloud and other IT services to enhance efficiency and productivity
- Strengthen cooperation within the corporate group, such as BPO proposals at Bewith, Inc.

Net sales from utilization of external personnel (Temporary staffing + Contracting)

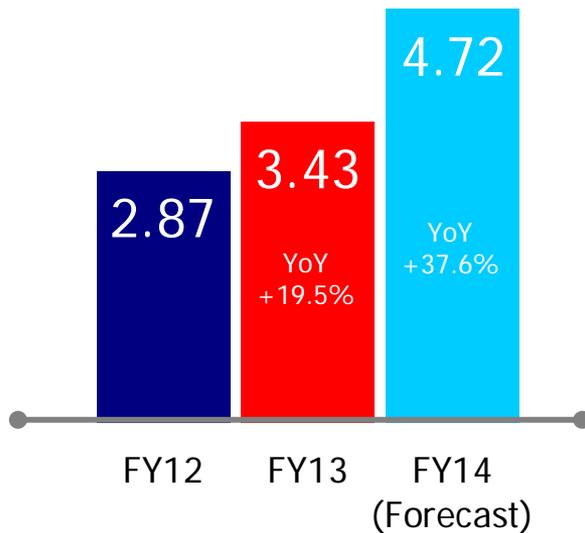
(Billions of yen)



Place & Search (Placement / Recruiting)

Net Sales

(Billions of yen)



Business Conditions

● FY13 result

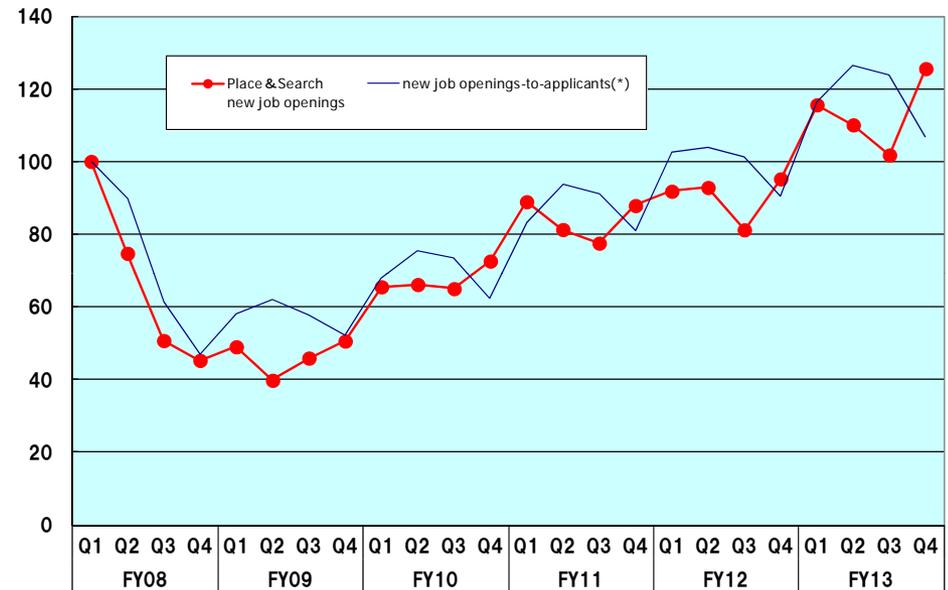
- Hiring increased in a broad range of industries, such as finance and services
- Significant increase in revenue on success of recruitment strategies and increase in the number of consultants

● FY14 plan

- Utilize IT to recruit job-seekers and strengthen job postings
- Focus on placement for mid-level management and female management personnel

No. of Orders

* The data are expressed as relative values with Q1 FY08 being 100%



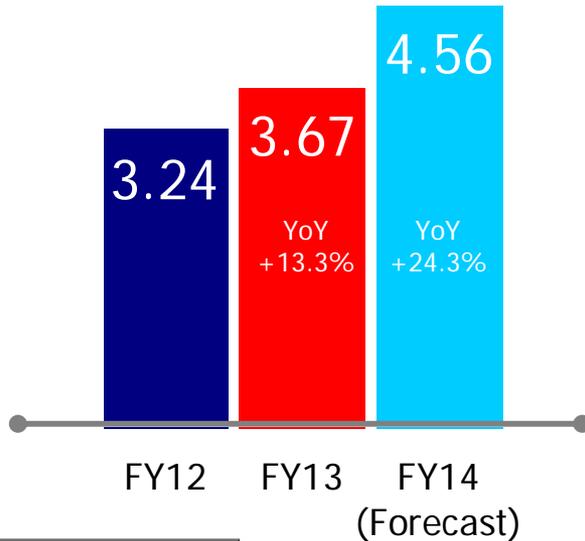
Source: Ministry of Health, Labor and Welfare "Report on employment service"

Note: Excluding part-time workers before seasonal adjustment

Global Sourcing (Overseas)

Net Sales

(Billions of yen)



Business Conditions

FY13 result

- Demand for personnel remains strong from Japanese companies in North America and the ASEAN region
- Revenue increase in all areas on satisfaction with proposals for comprehensive human resource services

FY14 plan

- Business expansion and new customer development for payroll and other contract business, as well as education and training
- Train IT/CAD engineers locally to meet demand for specialized human resources

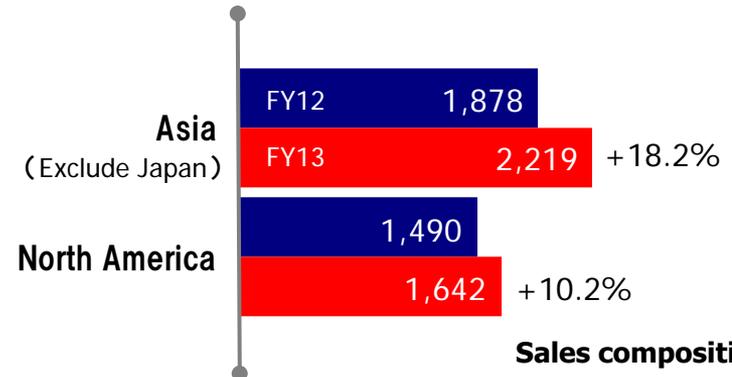
Net Sales by Business Segment

(Millions of yen)

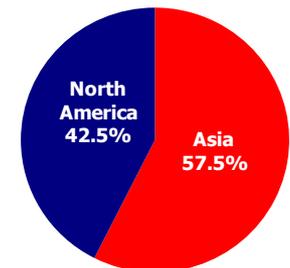
	FY12	Y13	YoY
Temporary Staffing	1,139	1,365	19.7%
Placement / Recruiting	1,279	1,433	12.0%
Contracting (Payroll, others)	742	795	7.1%
Others	74	74	(0.1)%
Total	3,236	3,668	13.3%

Net Sales by Region

(Millions of yen)



Sales composition



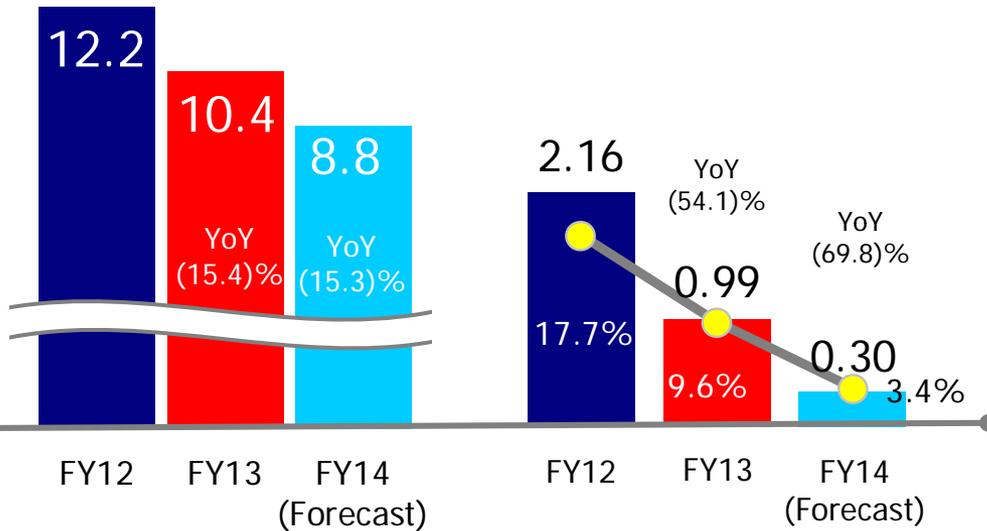
Outplacement

Net Sales

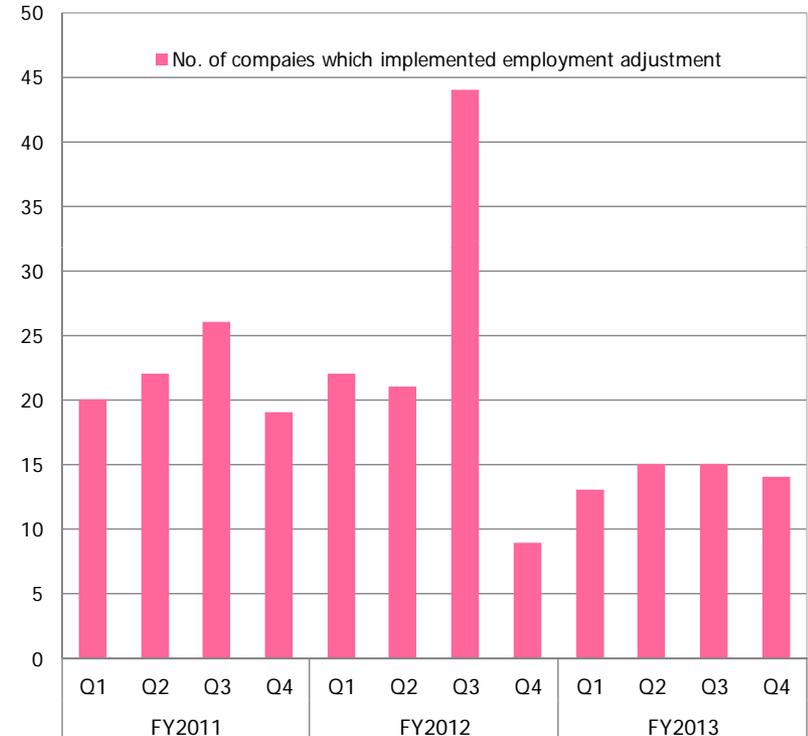
Operating Income, Operating Income Margin

Companies Announcing Employment Adjustments

(Billions of yen)



(Companies)



Business Conditions

● FY13 result

- Decline in orders as the economic recovery resulted in fewer employment adjustments and smaller projects
- Quicker turnaround in placements on strengthening of counseling and cultivation of new employment offers

● FY14 plan

- Decline in orders expected; focus on increasing productivity of consultants
- Quicker definitive turnaround in placements has shortened the prorated sales period for indefinite contracts **from ten months to nine**, increasing sales

Pasona survey based on IR disclosure and newspaper articles.

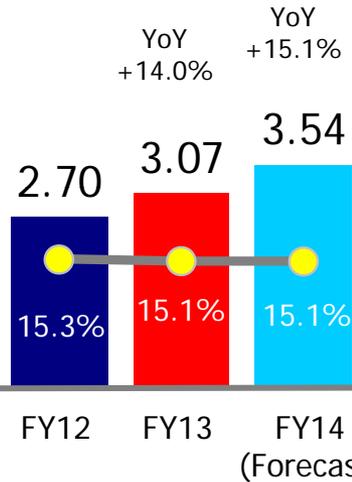
Outsourcing (Benefit One Inc.)

Net Sales



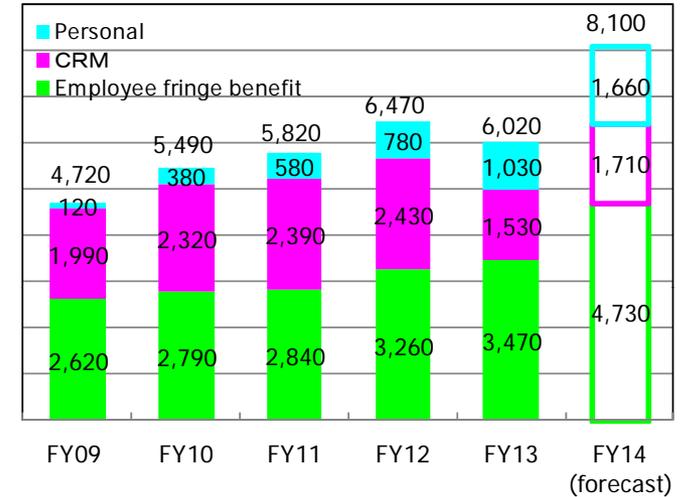
Operating Income, Operating Income Margin

(Billions of yen)



Benefit One Membership

(Thousands of people)



Business Conditions

FY13 result

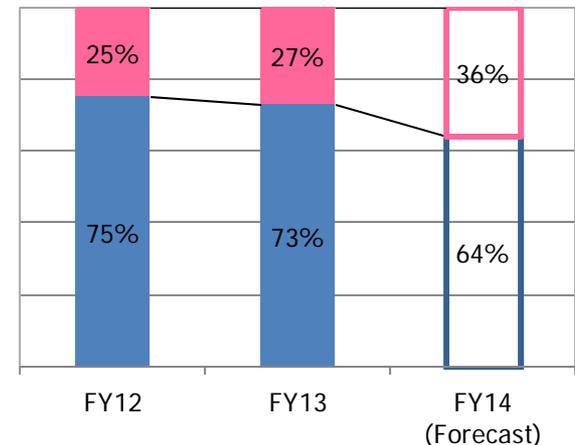
- Steady increase in members on expansion of lineup of employee fringe benefit services
- Incentive and Health care businesses contributed to revenue gain

FY14 plan

- Cultivate demand for employee fringe benefits among small and mid-sized companies, as well as large corporations and government agencies
- Focus on new ventures such as Personal and Incentive businesses, as well as overseas business

Diversification of income

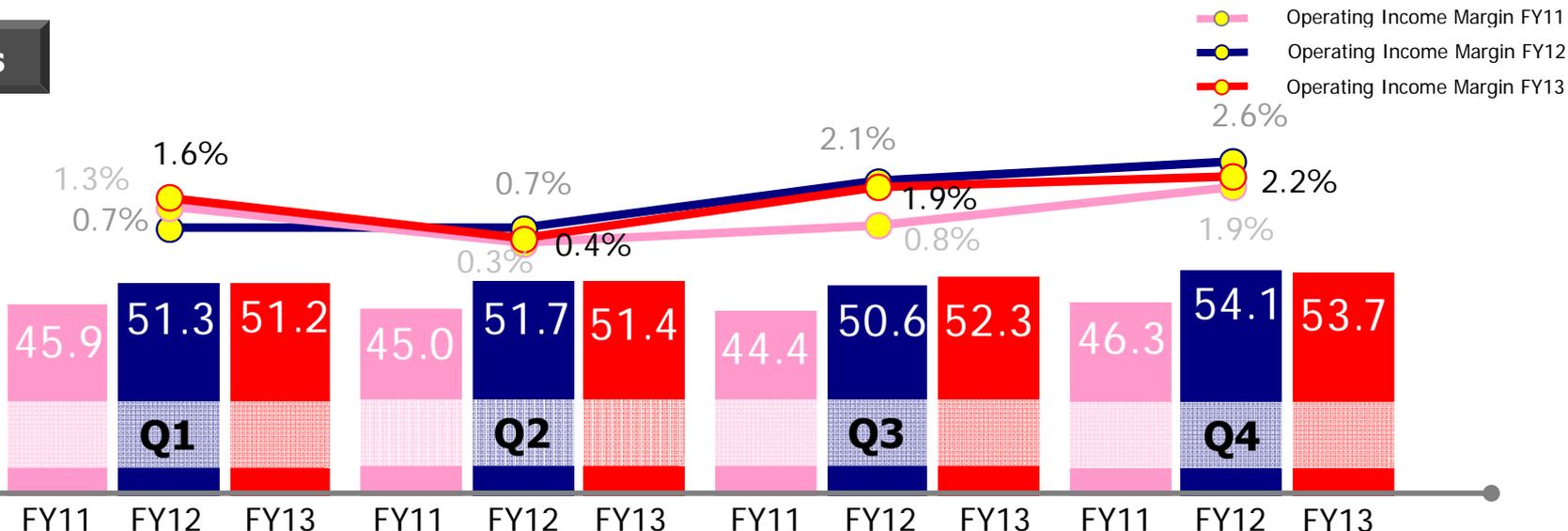
■ New business ■ Employee fringe benefit



Quarterly Earnings Trends

Net Sales

(Billions of yen)



(Millions of yen)

	Q1 (June to August)					Q2 (September to November)					Q3 (December to February)					Q4 (March to May)				
	FY11	FY12	YoY	FY13	YoY	FY11	FY12	YoY	FY13	YoY	FY11	FY12	YoY	FY13	YoY	FY11	FY12	YoY	FY13	YoY
Consolidated Net sales	45,901	51,270	+11.7%	51,212	(0.1)%	44,979	51,705	+15.0%	51,406	(0.6)%	44,364	50,585	+14.0%	52,319	+3.4%	46,252	54,123	+17.0%	53,721	(0.7)%
Gross profit	8,488	9,517	+12.1%	10,032	+5.4%	8,158	9,553	+17.1%	9,377	(1.8)%	8,249	10,022	+21.5%	10,133	+1.1%	8,908	10,982	+23.3%	10,695	(2.6)%
SG&A expenses	7,886	9,181	+16.4%	9,197	+0.2%	8,035	9,174	+14.2%	9,174	+0.0%	7,894	8,984	+13.8%	9,125	+1.6%	8,023	9,557	+19.1%	9,531	(0.3)%
Operating income	601	335	(44.3)%	834	+149.0%	122	379	+209.0%	203	(46.4)%	355	1,037	+192.1%	1,008	(2.8)%	884	1,424	+61.0%	1,163	(18.3)%
Ordinary income	560	330	(41.0)%	798	+141.5%	184	362	+96.5%	163	(54.9)%	393	1,010	+156.8%	995	(1.5)%	952	1,483	+55.7%	1,178	(20.5)%
Net income (loss)	111	(193)	-	103	-	(36)	(260)	-	(128)	-	(181)	160	-	37	(76.7)%	136	904	+563.1%	513	(43.2)%
Gross profit margin	18.5%	18.6%	+0.1pt	19.6%	+1.0pt	18.1%	18.5%	+0.4pt	18.2%	(0.3)pt	18.6%	19.8%	+1.2pt	19.4%	(0.4)pt	19.3%	20.3%	+1.0pt	19.9%	(0.4)pt
SG&A expense ratio	17.2%	17.9%	+0.7pt	18.0%	+0.1pt	17.9%	17.7%	(0.2)pt	17.8%	+0.1pt	17.8%	17.8%	(0.0)pt	17.4%	(0.4)pt	17.3%	17.7%	+0.4pt	17.7%	+0.0pt
Operating income margin	1.3%	0.7%	(0.6)pt	1.6%	+0.9pt	0.3%	0.7%	+0.4pt	0.4%	(0.3)pt	0.8%	2.1%	+1.3pt	1.9%	(0.2)pt	1.9%	2.6%	+0.7pt	2.2%	(0.4)pt
Ordinary income margin	1.2%	0.6%	(0.6)pt	1.6%	+1.0pt	0.4%	0.7%	+0.3pt	0.3%	(0.4)pt	0.9%	2.0%	+1.1pt	1.9%	(0.1)pt	2.1%	2.7%	+0.6pt	2.2%	(0.5)pt
Net income margin	0.2%	-	-	0.2%	-	-	-	-	-	-	-	0.3%	-	0.1%	(0.2)pt	0.3%	1.7%	+1.4pt	1.0%	(0.7)pt

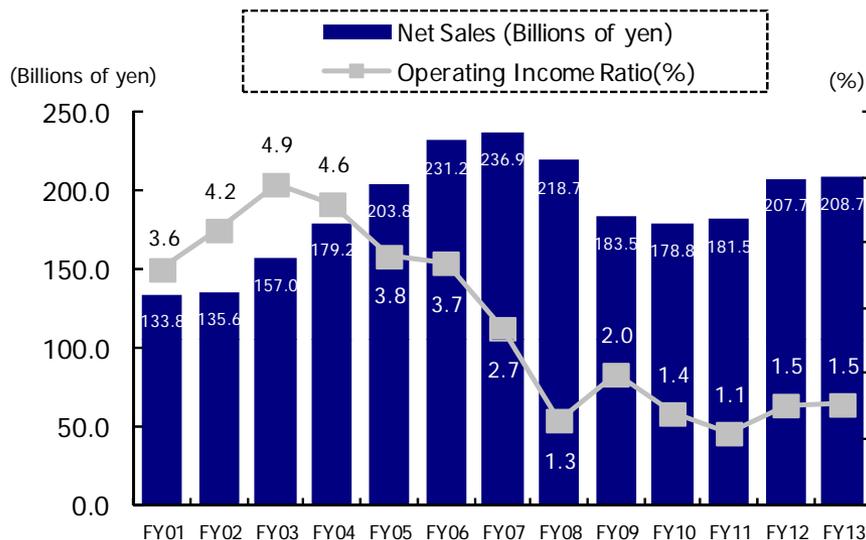
Quarterly Earnings Trends by Segment

(Millions of yen)

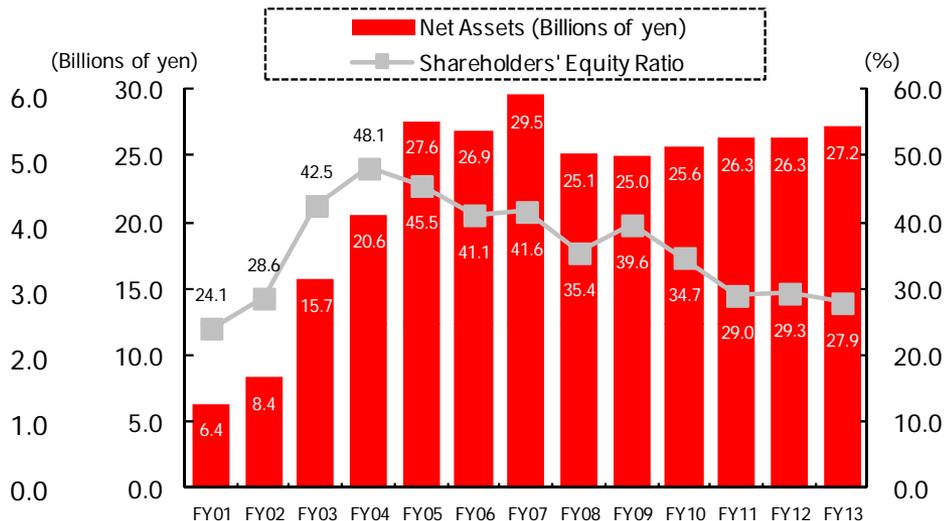
	Segment	Sales									Operating income (loss)								
		Q1 FY12	Q2 FY12	Q3 FY12	Q4 FY12	Q1 FY13	Q2 FY13	Q3 FY13	Q4 FY13	YoY	Q1 FY12	Q2 FY12	Q3 FY12	Q4 FY12	Q1 FY13	Q2 FY13	Q3 FY13	Q4 FY13	YoY
1	Expert Services	32,971	32,354	31,206	33,188	31,169	31,029	30,362	31,718	(4.4)%	603	672	562	823	653	519	761	937	13.8%
2	Insourcing	9,149	9,508	8,902	9,446	9,327	9,640	10,570	9,989	5.8%									
3	HR Consulting, others	916	968	950	1,258	1,013	1,022	1,254	1,371	9.0%									
4	Place & Search	743	717	615	792	762	796	810	1,061	33.9%									
5	Global Sourcing	668	655	912	1,000	866	853	1,014	933	(6.7)%									
	Subtotal	44,449	44,204	42,587	45,686	43,140	43,342	44,012	45,075	(1.3)%									
6	Outplacement	2,724	3,021	3,169	3,319	3,060	2,584	2,368	2,336	(29.6)%	388	528	568	678	613	182	38	159	(76.6)%
7	Outsourcing	3,886	4,289	4,526	4,907	4,552	4,883	5,282	5,637	14.9%	469	406	891	929	530	435	1,079	1,030	10.8%
8	Life Solutions Public Solutions Shared	987	979	1,028	937	1,194	1,353	1,431	1,422	51.6%	40	(21)	(30)	(34)	(19)	27	50	(41)	-
9	Eliminations and Corporate	(777)	(789)	(726)	(727)	(735)	(756)	(775)	(749)	-	(1,166)	(1,205)	(953)	(973)	(944)	(961)	(921)	(921)	-
10	Total	51,270	51,705	50,585	54,123	51,212	51,406	52,319	53,721	(0.7)%	335	379	1,037	1,424	834	203	1,008	1,163	(18.3)%

Key Indicators (Full Year)

Net Sales and Operating Income Ratio



Net Assets and Shareholders' Equity Ratio



Results

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

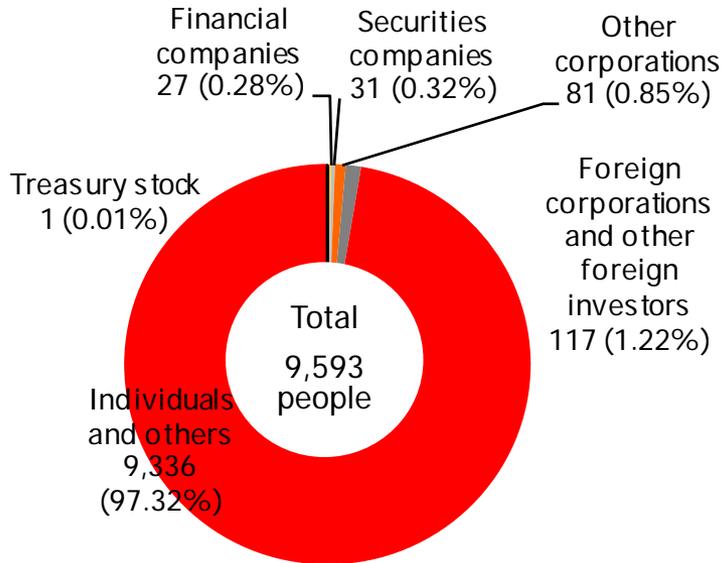
Notes: 1. Presentation of shareholders' equity amended to a net assets basis in line with changes to accounting standards and policies. Minority interests included in presentation of net assets since the fiscal year ended May 31, 2006.

2. Despite changes in calculation methods for net assets following the introduction of changes to accounting standards and policies, the shareholders' equity ratio since the fiscal year ended May 31, 2006 is calculated utilizing an amount equivalent to net assets applicable to common shares.

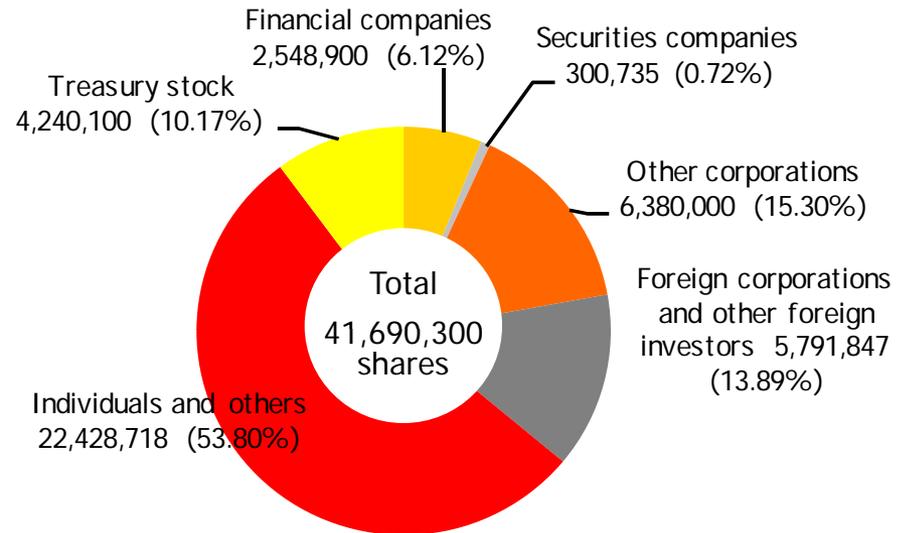
3. The data for the periods up to and including the fiscal year ended May 31, 2007 are consolidated data for Pasona Inc. The data for the periods commencing the fiscal year ended May 31, 2008 and beyond are consolidated data for Pasona Group Inc.

Stock Information (As of May 31, 2014)

Breakdown of Shareholders by Type



Breakdown of Shareholders by Number of Share Held



Principal Shareholders

	No. of Shares Held	%
Yasuyuki Nambu	14,763,200	35.41%
Pasona Group Inc.	4,240,100	10.17%
Nambu Enterprise Inc.	3,737,800	8.97%
CREDIT SUISSE AG HONG KONG TRUST A/C CLIENT	2,027,000	4.86%
Sanrio Company, Ltd.	1,155,500	2.77%
Pasona Group Employees' Shareholding Association	664,000	1.59%
The Master Trust Bank of Japan, Ltd (Trust account)	575,700	1.38%
MEDICAL ASSOCIA INC.	537,500	1.29%
CMBL S. A. Re Mutual Funds	480,600	1.15%
STATE STREET BANK CLIENT OMNIBUS OM04	450,655	1.08%

1. The Company's treasury stock (4,240,100 shares, 10.17% of total issued shares) ranked second. In accordance with Article 308.2 of the Corporations Law, there are no voting rights attached to treasury stock.
2. Shares held by Medical Associa Inc. do not entail voting rights under the provisions of paragraph 1, Article 308 of the Corporations Law and Article 67 of the Ordinance for Enforcement of the Corporations Law.
3. The Company conducted a 1:100 stock split on common stock with an effective date of December 1, 2013, at the same time, adopted a unit share system that set unit share at 100 shares.

Group Companies (by segment)

Expert Services

Insourcing

HR Consulting, Education and Training, Others

Pasona Inc.	Pasona Language Inc.
Pasona Tech, Inc.	KIS Co.,Ltd.
Pasona Okayama Inc.	CAPLAN Corporation
Pasona Logicom Inc.	Yaskawa Business Staff Corporation
Pasona Marketing Inc.	Bewith, Inc.
Pasona Agri-Partners Inc.	Asahi Beer Communications Co, Ltd.
ECOLOVE Inc.	e-Staffing Co., Ltd.*
Nihon Employment Creation Organization Inc.	
Pasona Tech Systems Inc.	
Pasona Tquila Inc.*	Other 2 companies

Place & Search

Pasona Inc.	Pasona Fortune Inc.
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Global Sourcing

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

Outplacement

Pasona Inc.

Outsourcing

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

Life Solutions

Pasona Foster Inc.
 Pasona Life Care Inc.
 Pasona Education Co. Limited

Public Solutions

Pasona Heartful Inc.
 Pasona Furusato Incubation Inc.

Shared

Pasona CIO Inc.

● Consolidated subsidiaries 42, Equity-method affiliates 5*

Tokyo Stock Exchange, 1st Section 2168

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