

Results for the Fiscal Year Ending May 2004

Pasona Inc.
First Section, Tokyo Stock Exchange
“Hercules”(4332)

July 26, 2004
www.pasona.co.jp

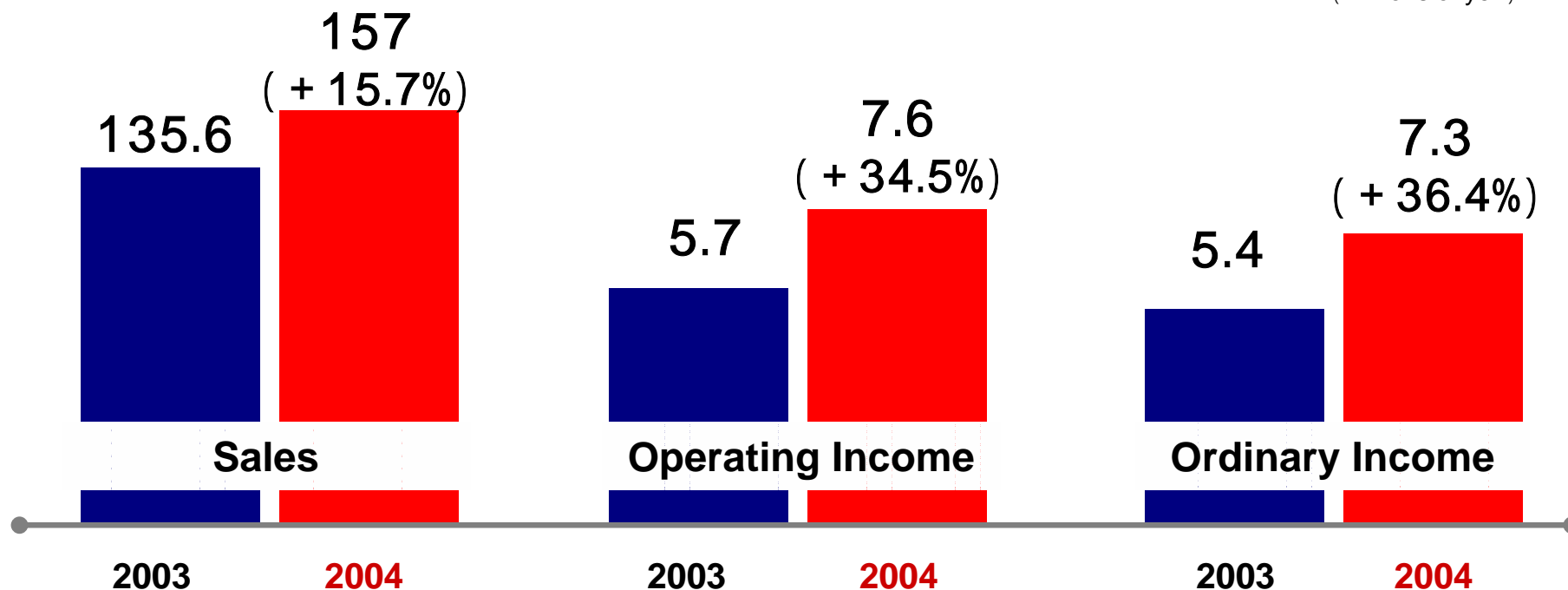
1. Results for the FY ended May 31, 2004

Consolidated Results FY ended May 2004



- Steady growth in temporary staffing business with increased revenues and earnings

(Billions of yen)



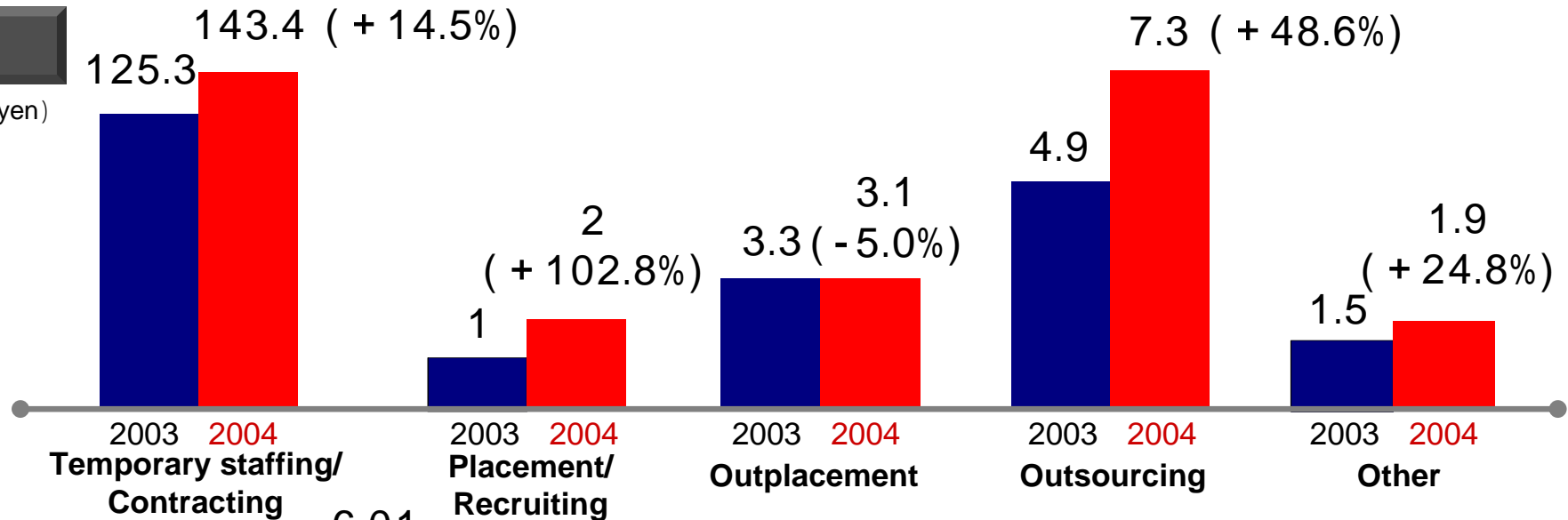
(Millions of yen)	2003	(%)	2004	(%)	YoY
Sales	135,625	(100.0)	156,979	(100.0)	+15.7%
Gross profit	26,746	(19.7)	32,753	(20.9)	+22.5%
Operating income	5,687	(4.2)	7,648	(4.9)	+34.5%
Ordinary income	5,373	(4.0)	7,329	(4.7)	+36.4%
Net income	2,027	(1.5)	3,647	(2.3)	+79.9%

Consolidated Results FY ended May 2004 by Service Segment



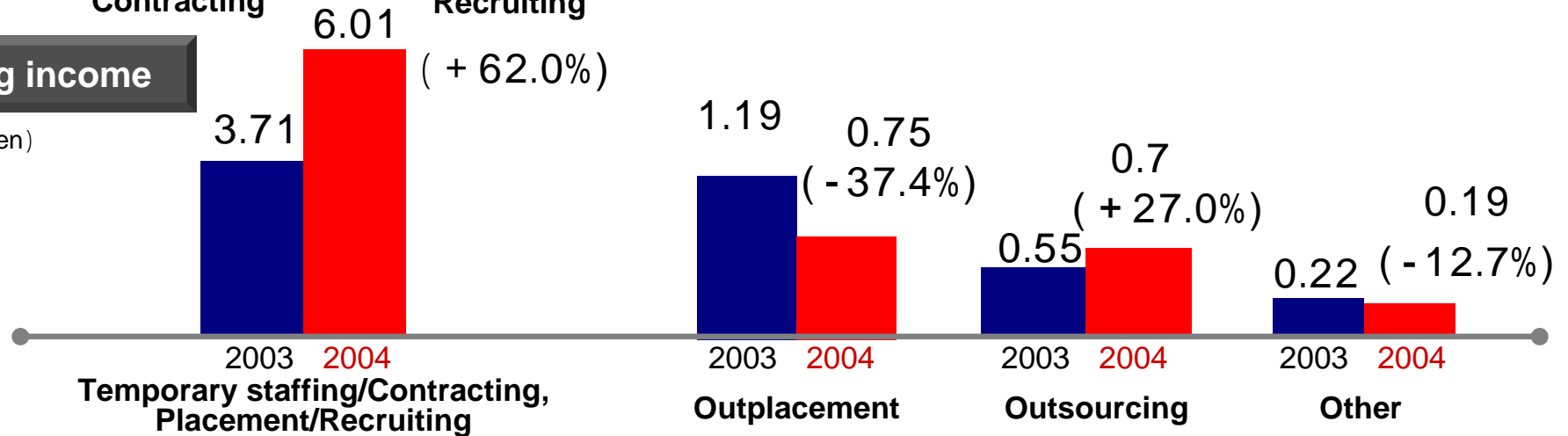
Sales

(Billions of yen)



Operating income

(Billions of yen)



*1. Figures include intrasegment sales

*2. Operating income for Temporary staffing/Contracting and Placement/Recruiting have been combined.

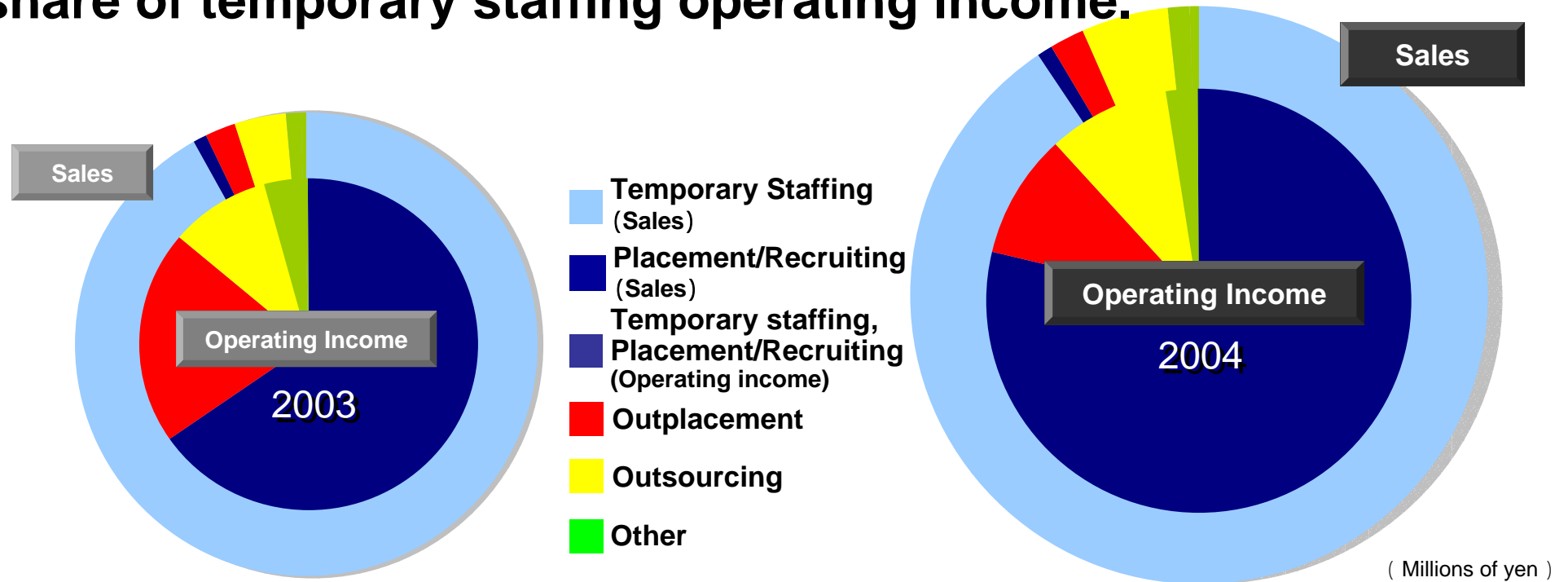
(Millions of yen)

	Temporary staffing/ Contracting			Placement/ Recruiting			Outplacement			Outsourcing			Other			Eliminations & Corporate	
	03/5	04/5	YoY	03/5	04/5	YoY	03/5	04/5	YoY	03/5	04/5	YoY	03/5	04/5	YoY	03/5	04/5
Sales	125,263	143,409	14.5%	984	1,996	102.8%	3,299	3,133	-5.0%	4,885	7,260	48.6%	1,515	1,890	24.8%	-321	-709
Operating income	3,712	6,013	62.0%				1,189	745	-37.4%	551	700	27.0%	216	189	-12.7%	16	-0.1

Consolidated Results FY ended May 2004

Sales and Operating Income Composition by Service Segment

- Substantial growth in share of temporary staffing operating income.

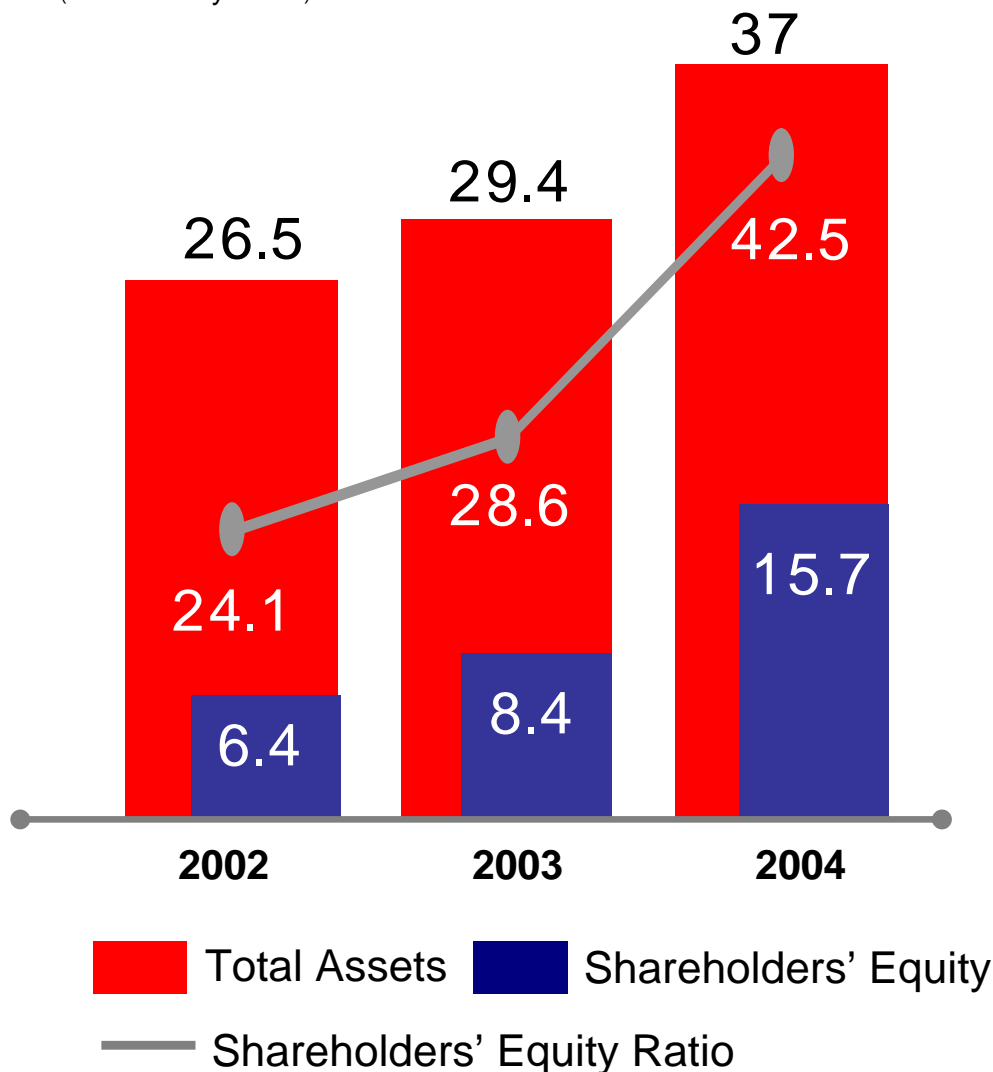


	2003				2004			
	Sales	Share	Operating income	Share	Sales	Share	Operating income	Share
Temporary staffing	125,263	92.4%	3,712	65.3%	143,409	91.3%	6,013	78.6%
Placement/Recruiting	984	0.7%			1,996	1.3%		
Outplacement	3,299	2.4%	1,189	20.9%	3,133	2.0%	745	9.7%
Outsourcing	4,885	3.6%	551	9.7%	7,260	4.6%	700	9.2%
Other	1,515	1.1%	216	3.8%	1,890	1.2%	189	2.5%
Eliminations & Corporate	-321	-0.2%	16	0.3%	-709	-0.4%	0	0.0%

Financial Condition

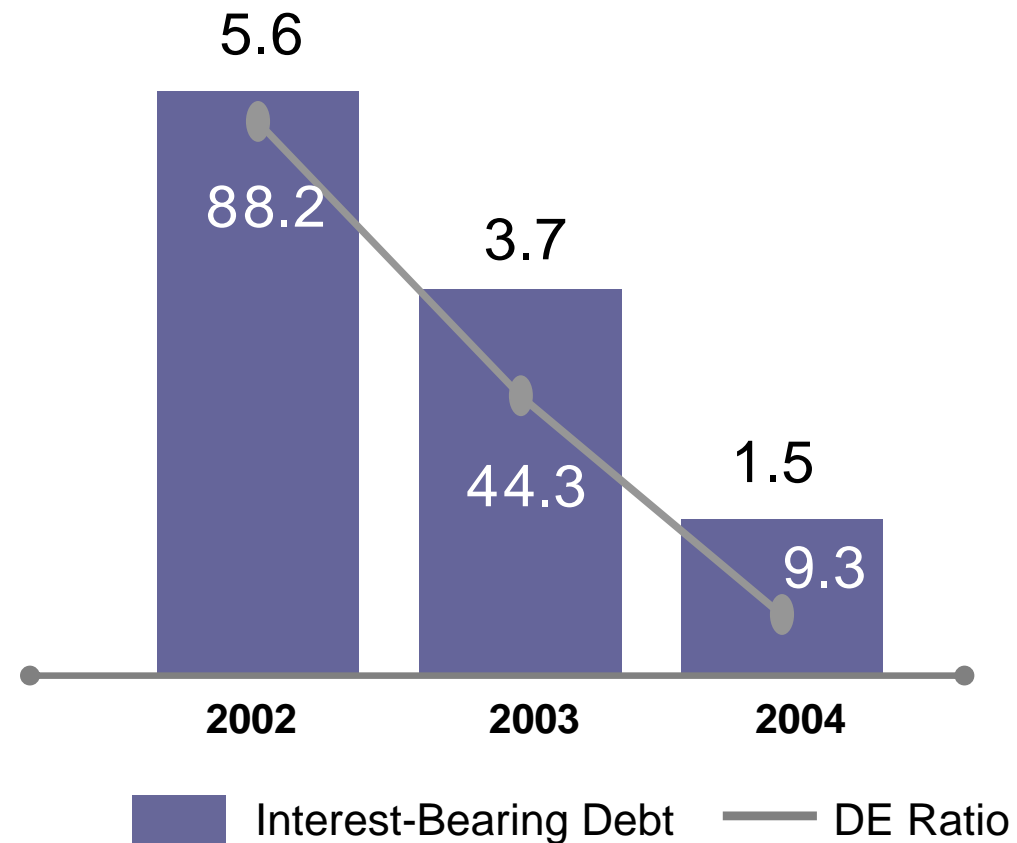
Total Assets, Shareholders' Equity, Shareholders' Equity Ratio

(Billions of yen/%)

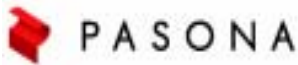


Interest-Bearing Debt, DE Ratio

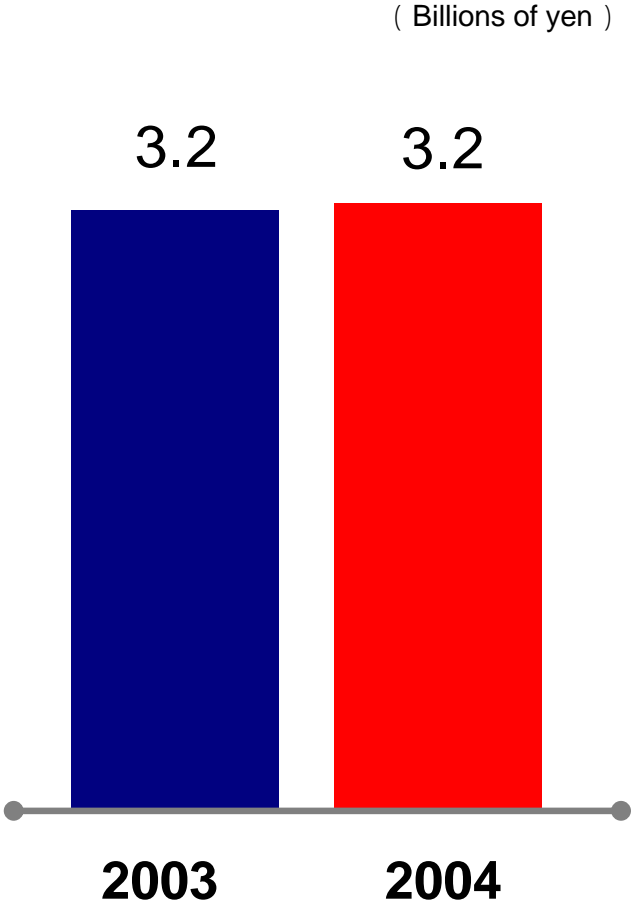
(Billions of yen/%)



Consolidated Cash Flow



Free Cash Flow



(Billions of yen)

	2003	2004
--	------	------

Cash flows from operating activities	4.3	4.6
Cash flows from investing activities	- 1.1	- 1.4
Cash flows from financing activities	- 2.5	1.3

Principle components:
 Tangible fixed assets 0.3
 Intangible fixed assets 0.4
 Investment in Affiliated-companies stock 0.5

Capital Increase 4.1
 Repayment of long and short-term debt 2.6

2. Segment Results

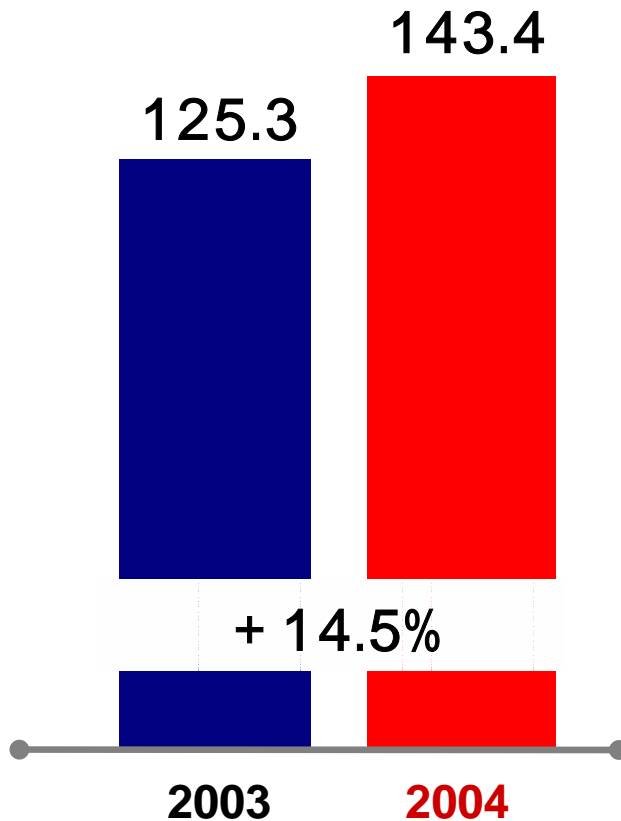
Temporary staffing/Contracting

Steady recovery and growth on the back of an upswing in the economy

Sales

Temporary staffing/Contracting

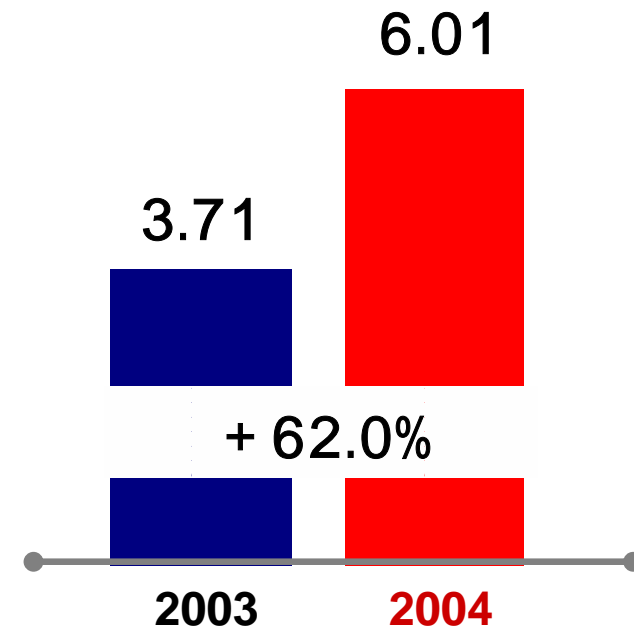
(Billions of yen)



Operating Income

Temporary staffing/Contracting,
Placement/Recruiting

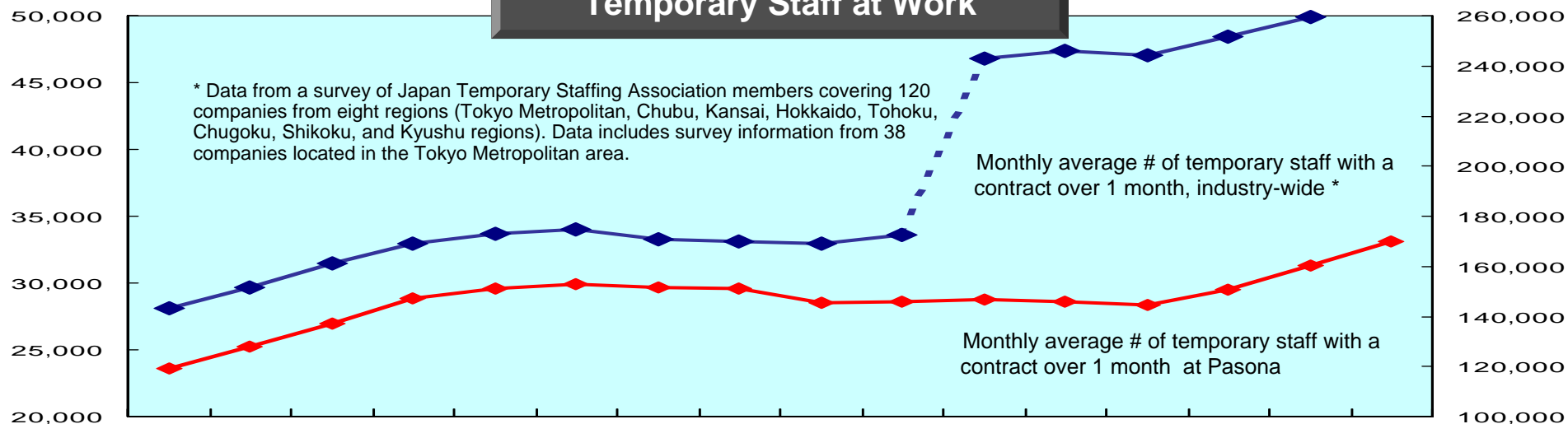
(Billions of yen)



Temporary staffing/Contracting

(Pasona data: persons)

(Industry data: persons)



	2001				2002				2003				2004			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Industry-wide	143,204	151,458	161,092	169,009	173,116	174,598	171,019	169,810	169,070	172,368	242,961	245,828	244,272	251,552	259,465	-
Pasona	23,598	25,207	26,966	28,819	29,553	29,884	29,708	29,581	28,527	28,613	28,753	28,572	28,372	29,543	31,295	33,138
	YoY				25.2%	18.5%	10.1%	2.6%	-3.5%	-4.3%	-3.2%	-3.4%	-0.5%	3.2%	8.8%	16.0%

Orders (long term) Mon. Avg.			Contract Starts (long term) Mon. Avg.				Contract Completions (long term) Mon. Avg.		
	Number	YoY		Number	YoY		Number	YoY	
2003	4,065	-9.6%	2003	2,325	-13.3%	2003	2,749	0.7%	
2004	5,109	25.7%	2004	2,755	18.5%	2004	2,783	1.2%	
Contracts Signed (long term) Mon. Avg.			Temporary Staffing Prices				No. of New Registered Staff		
	Rate	YoY		Payment Received from Client Firm	Payment Made to Temporary Staff		New (Consolidated)		
2003	57.2%	-2.5%	2003	2,085	-	1,515	131,200		
2004	53.9%	-3.3%	2004	2,048	-1.8%	1,488	106,178		

Non-consolidated basis, except figures for new registered staff.

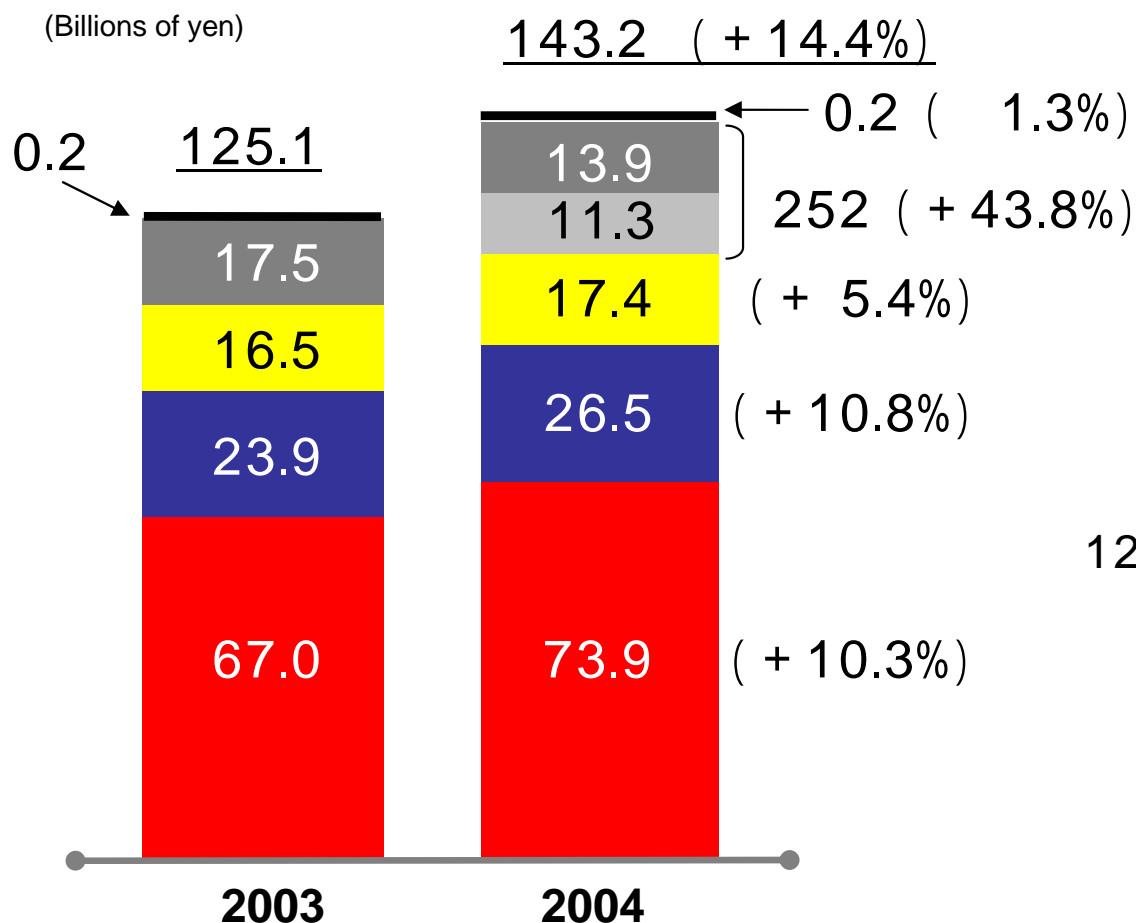
Figures for Temporary staff at Work (monthly average), Orders, Contract Starts, Completions, and Signed exclude Special Project matters beyond September 2002.

New method applied with net work hours as a base for Temporary Staffing prices beyond May 2004. Thus prior data unavailable.

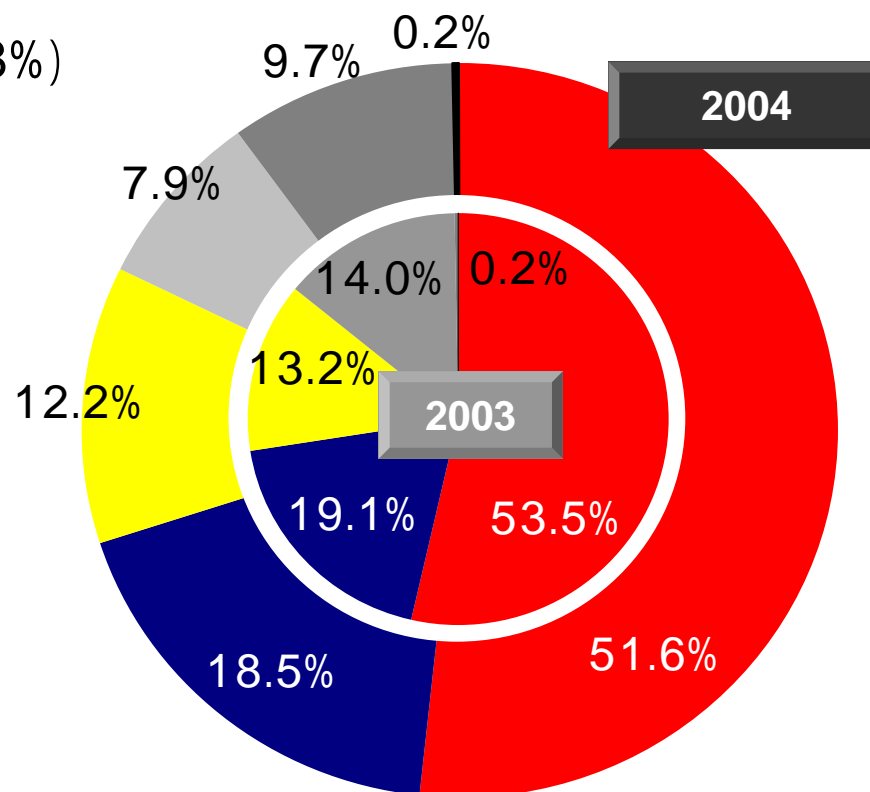
Temporary staffing/Contracting

Sales by Staffing Type

Figures exclude intrasegment sales



- Clerical (General office work)
- Technical (Specialized office work)
- IT/Engineering
- Marketing·Sales
- Other
- Temporary staffing-related business

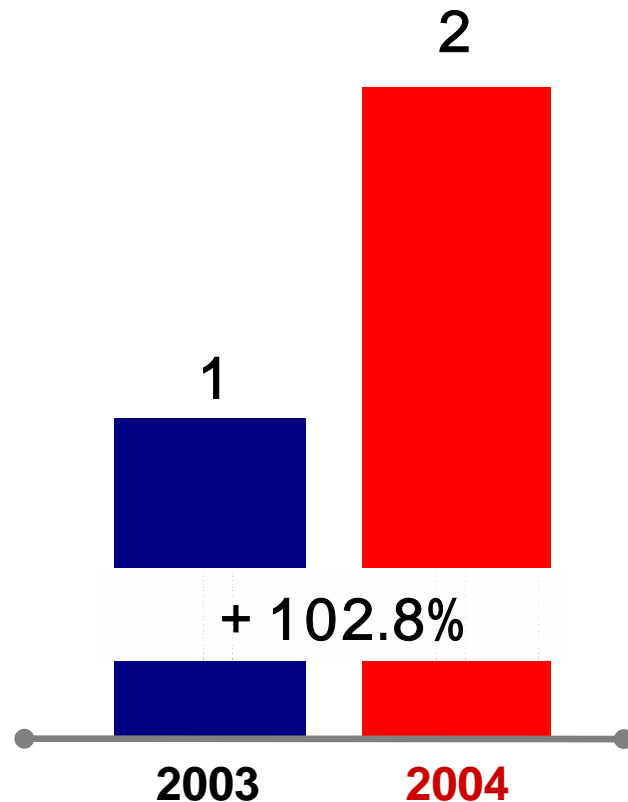


Clerical (General office work) staffing features various temporary jobs for general office work, covering all fields of office staffing necessary for any industry. Technical (Specialized office work) includes positions in accounting, English document operation, financial planning, insurance and securities work, and translation and interpretation. This work requires a comparatively high level of skill or certification. IT/Engineering includes temporary positions for network engineers, programmers, manufacturing and design engineers, PC experts, and other work in IT-related fields. Marketing·Sales are fields that were made possible by the revised 1999 Temporary Workers' Law. Other includes part-time employment opportunities in the manual labor and routine labor fields. Temporary staffing-related business includes training and EQ inspection work.

Market expansion.
Overseas subsidiaries contribute to impressive growth

Sales

(Billions of yen)



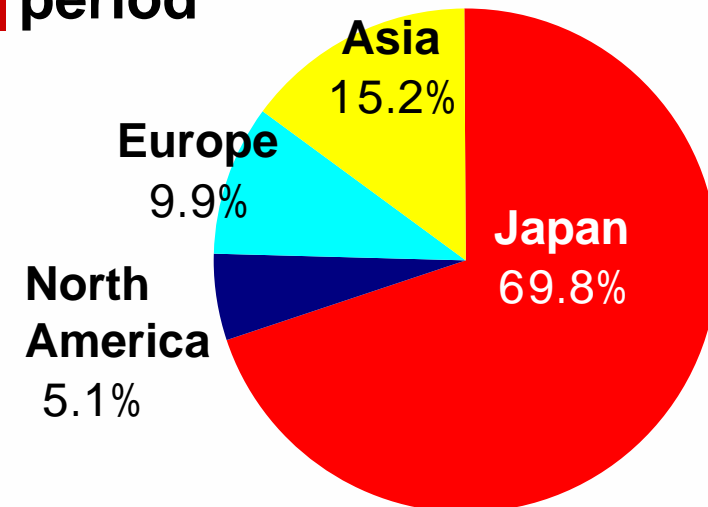
TOPICS

Placement/Recruiting business incorporated (Oct. 2003)

Prompt decision-making
A well-established brand
Addition of employees

(Start 64 End of Mar. 71)

Overseas subsidiaries contributed in latter interim period

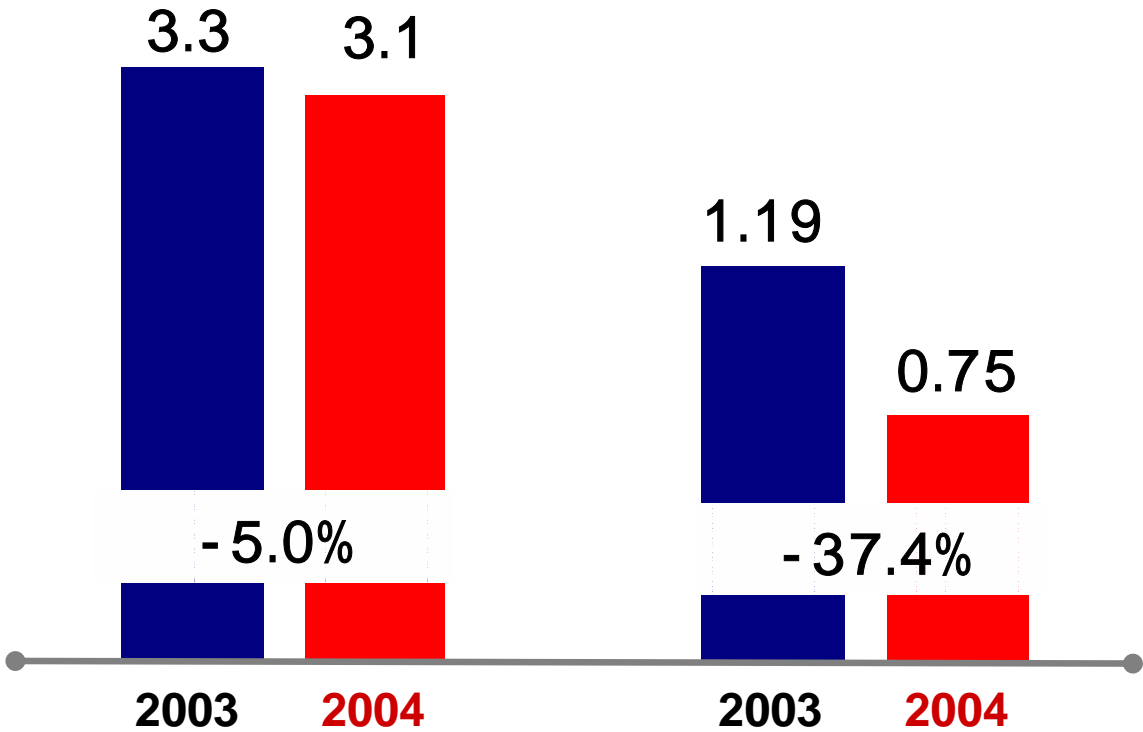


Number of clients and orders increased despite strict environment. However, slight decline in sales and decrease in operating income.

Sales

Operating Income

(Billions of yen)



TOPICS

- No. of clients **49.3% increase**
- No. of accepted persons per company **19.5% decrease**
- No. of orders **7.8% increase**
- Amount of order **0.6% decrease**

(Millions of yen)

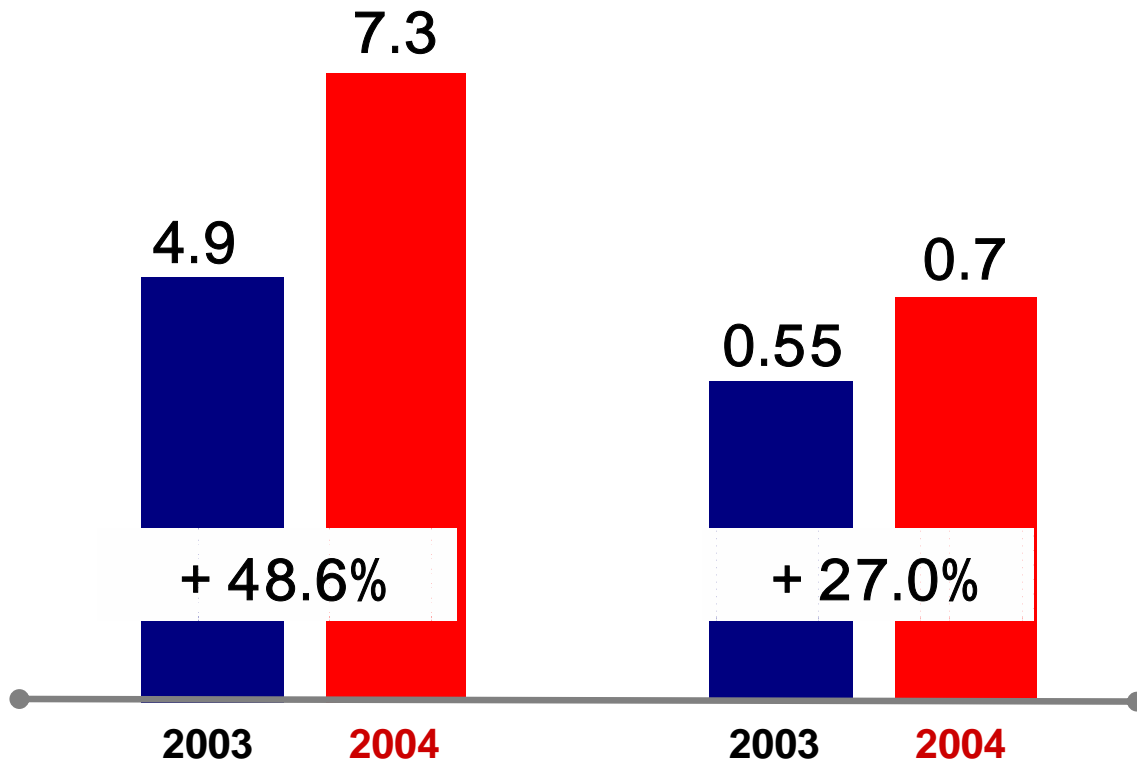
	3/03	3/04	YoY
Orders	3,118	3,100	-0.6%

Increase in demand for cafeteria plan
and preparatory steps toward securing individual clients

Sales

Operating Income

(Billions of yen)



TOPICS

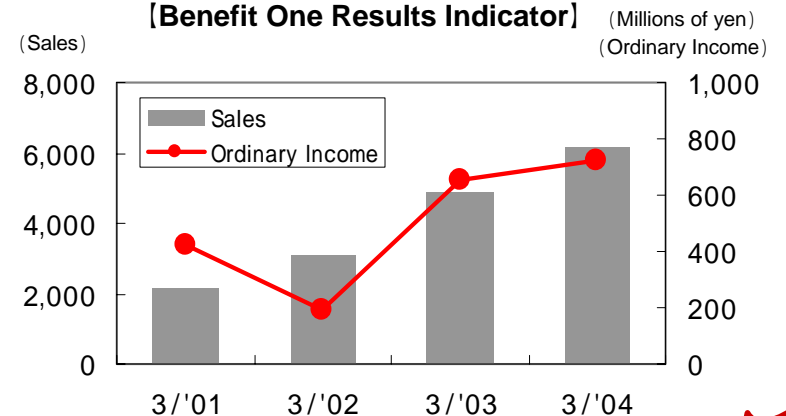
Spread of “cafeteria plan”

Improved settlement system
Greater service offerings

Enhanced services for individuals

Acquisition of Fukuri Kousei Ka’s goodwill

[Benefit One Results Indicator]

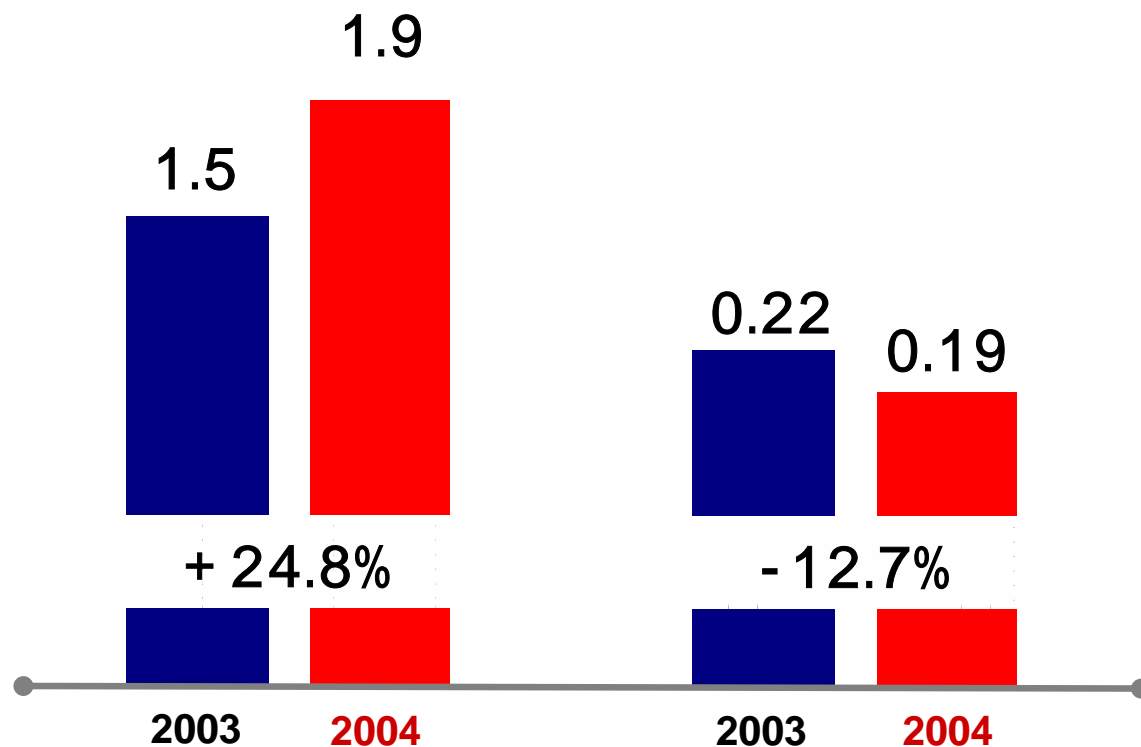


Child and nursing-care business Contribute

Sales

Operating Income

(Billions of yen)



TOPICS

Upward trends in child & nursing-care

Pasona Foster :

Sept.'03 Opening of 3rd
Licensed Day-Care Center

Pasona Sparkle:

Strong growth in
nursing-care business

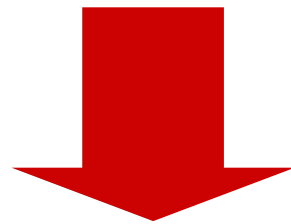
3. Ever Onward The Next Leap Forward

FY ending 2005 Forecast and Key Strategies

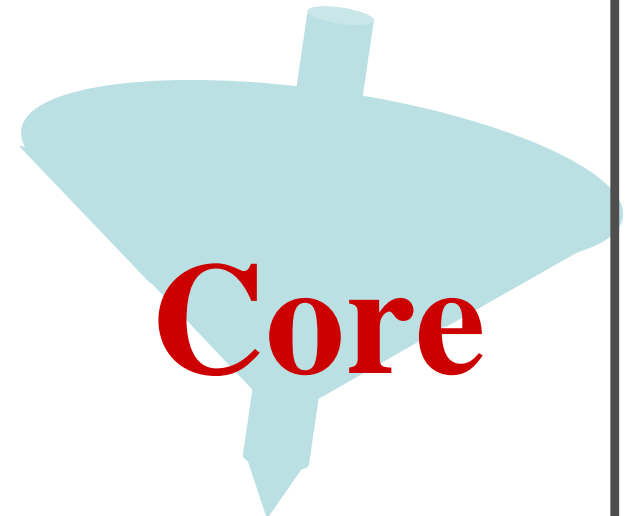
Management Philosophy

Pasona's Job = Bringing out the **best** in each individual

For example, for seniors unable to find work, we exert every effort to find the most appropriate company for them, based on their ample capabilities, personality and work career.



Pasona's Value



Pasona's DNA

Continuously offering new employment infrastructure, and creating new markets. This is Pasona's history, **Pasona's DNA**.

Pasona is committed to
job creation of the future.

**Try not to become a man of success,
but rather, try to become a man of **value**.**

Pasona's "Dream"

To build

“a future where each individual can create their own comfortable lifestyle and freely choose the kind of work they would like to do.”

Never lose sight of a personal **“dream”** .
Believe it will happen and work with unwavering
commitment.

Pasona will commit to job creation to fulfill each individual's “dream” .

Pasona' "Dream"

Most people dream of a bright and prosperous future, but are plagued with doubt and uncertainty.

Pasona is different.

Pasona's expertise and effort is the key to turning dream into reality. Pasona is dedicated to taking up the challenge of realizing each individual's "Dream" .

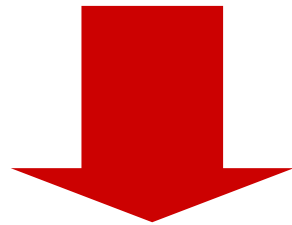
Pasona's "Aspiration"

Providing a firm but gentle hand to those seeking a second life in society, those challenging a new life, and those wishing to fulfill a lifelong dream.

Building a work infrastructure where each individual can freely choose the kind of work they would like to do

Pasona's "Aspiration"

Pasona's "Aspiration"— Possessing the confidence to realize visions of the future through expertise and effort.



**The key to turning
"Dream" into "Reality"**

Management Goals

Establishing Market Status

Social Trust in the Group as a Whole

Corporate Brand

Market Share

To establish a firm market position in every
job-creating domain

Ever Onward

Key Strategies

A Comprehensive **Scale-Growth** Strategy
for the Core **Temporary Staffing Business**

- 1 . **Strengthened Sales Force**
- 2 . **Enhanced Branch Functionality**
- 3 . **Reinforced Staffing**

1 . Strengthened Sales Force

Establishment of Sales Headquarters

- Sales Headquarters, General Manager: Yasuyuki Nambu
- Timely strategy implementation and response
- Appointment of executive officers in key strategic areas
(Value Added Sales, Outsourcing, REP, etc.)

Promotion of the Younger Managers

- 16 newly elected executive officers assigned to Special Branch

New Sales Organization

Sales
Headquarters

Shibuya Special Branch

Chiyoda Special Branch

Ginza Special Branch

Shinjuku Special Branch

Shinagawa Special Branch

Yokohama Special Branch

Nagoya Special Branch

Osaka Special Branch

Fukuoka Special Branch

East Japan Regional Branch

West Japan Regional Branch

2 . Enhanced Branch Functionality

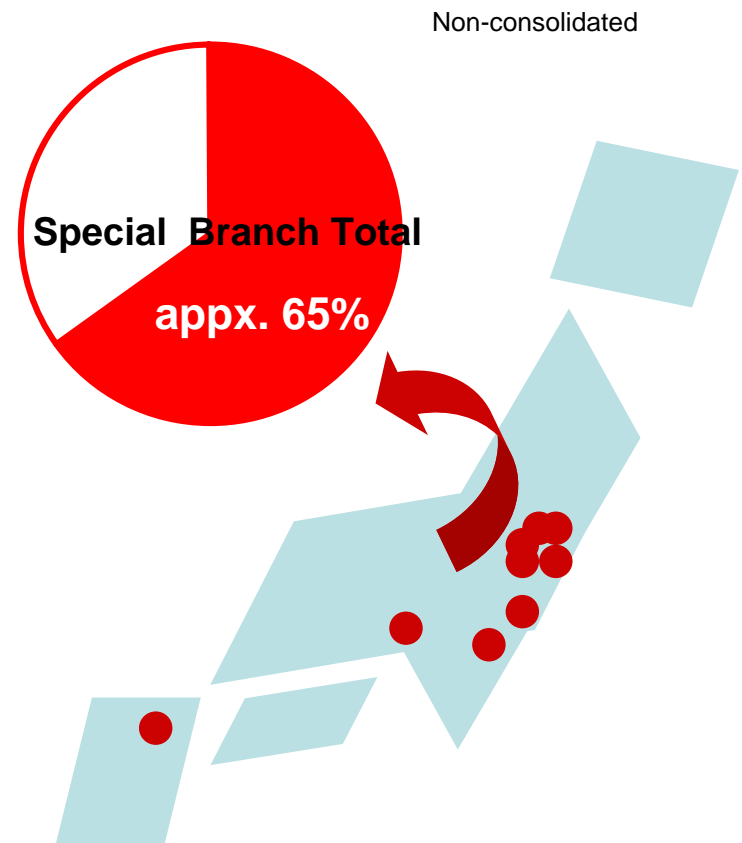
Establishment of Special Branches

- Special Branches
Shibuya, Chiyoda, Ginza, Shinjuku, Shinagawa, Yokohama, Osaka, Nagoya, Fukuoka
- Multifunctional Branches
To handle a variety of staffing type from clerical to technical jobs.

Sales Branch Enhancement

- Headquarters Moved (to Otemachi in October '04)
Aiming for increased registered staff and clients
Manufacturers increasing capital expenditures and research & development expenses
- Implementation of Branch Enhancements
Ginza, Shinagawa, Hamamatsu, Shinjuku, Sapporo, etc.

Temporary Staffing Sales (by area)



3 . Reinforced Staffing

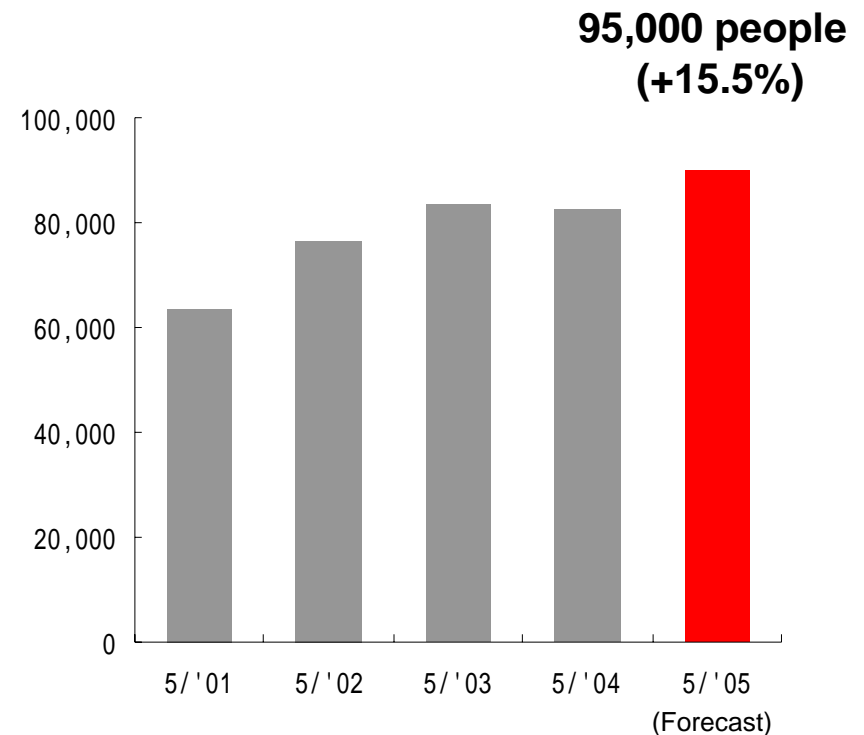
Workflow Improvements

- Responsible persons assigned

Better Training & Education

- Enhanced nationwide training and education
Call center, CAD, etc.
- Differentiation from other companies
Scholarships, Overseas education program

Trend in New Applicants

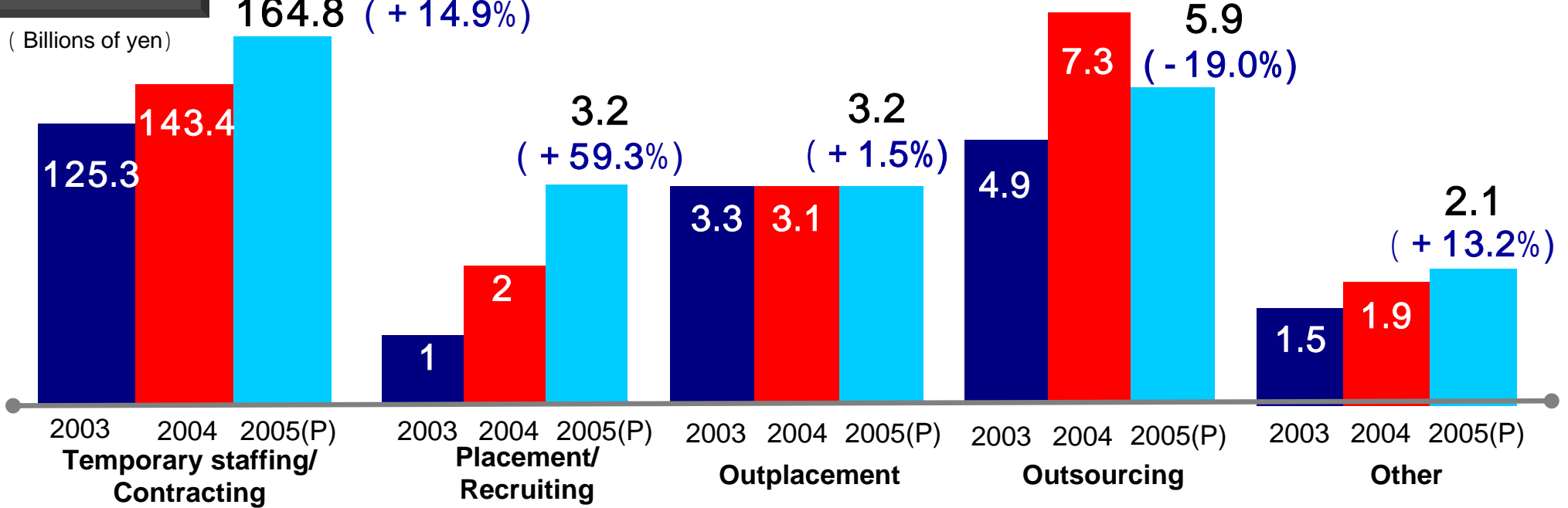


FY ending May 2005 Projections Consolidated Segment Results

Sales

(Billions of yen)

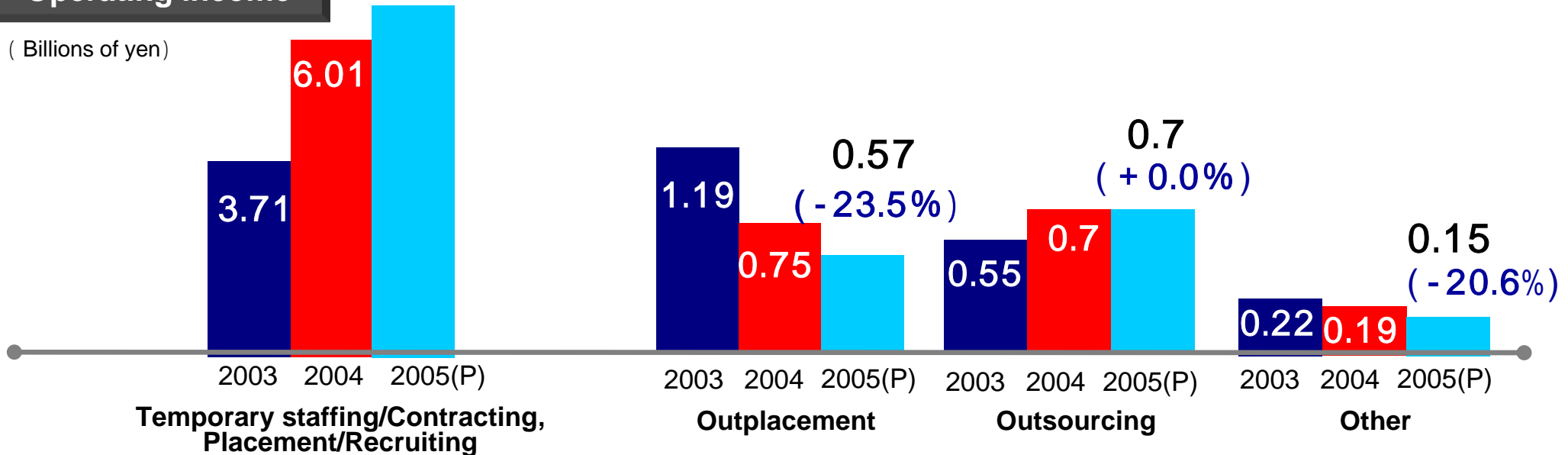
164.8 (+ 14.9%)



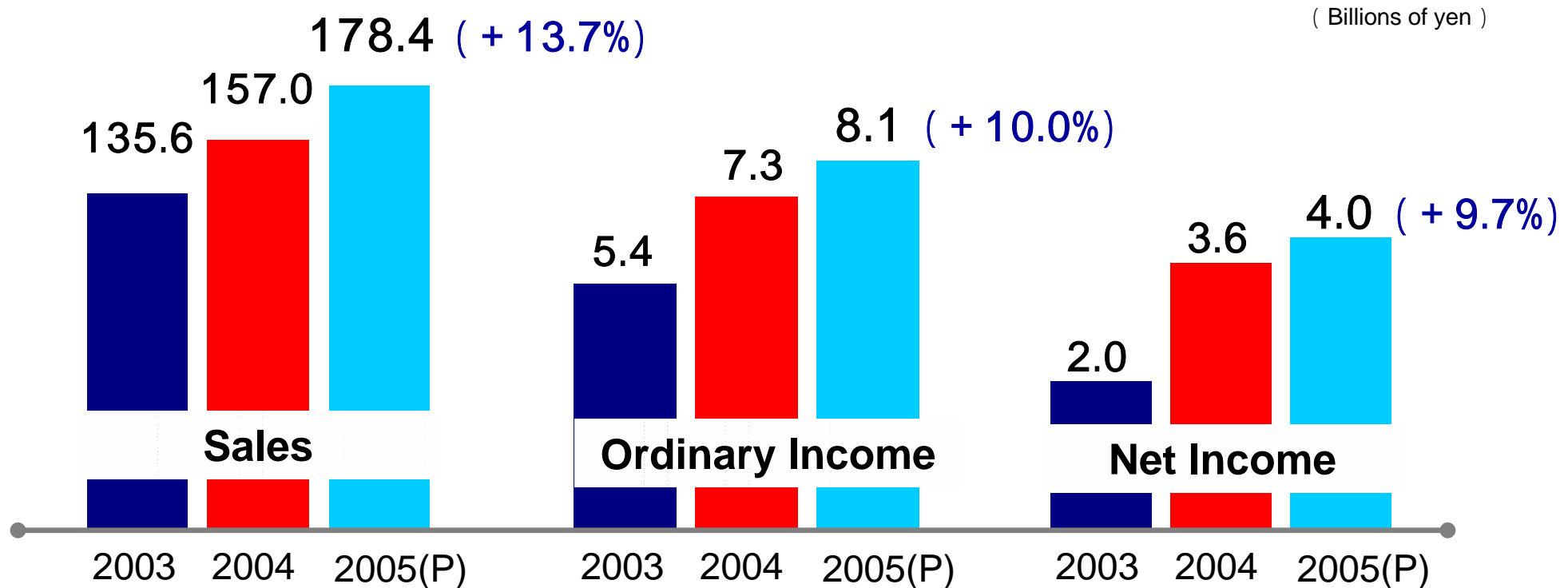
Operating income

(Billions of yen)

6.68 (+ 11.1%)



FY ending May 2005 Projections Consolidated Results



(Millions of yen)	04 / 5	(%)	05 / 5	(%)	YoY
Sales	156,979	(100.0)	178,420	(100.0)	+13.7%
Gross profit	32,753	(20.9)	37,277	(20.9)	+13.8%
Operating income	7,648	(4.9)	8,120	(4.6)	+ 6.2%
Ordinary income	7,329	(4.7)	8,060	(4.5)	+10.0%
Net income	3,647	(2.3)	4,000	(2.2)	+ 9.7%

4. Enhancing Corporate Value

Establishment of Employment Organizations

- Dec. 2002 Kansai Employment Creation Organization Inc.
- July 2003 Kanto Employment Creation Organization Inc.
- Jan. 2004 Japan Employment Creation Organization Inc.



Plans to develop HR business in agriculture and IT fields, two new job areas for the young and seniors



Agricultural internship in Ogata Village, Akita Prefecture

Establishment of an “Advisory Board” constituted by intellectuals

An advisory body to acquire various views concerning the Company’s management and to reflect society’s evaluation

Advisory Board

- **Nobuo Ishihara**

President Research Institute for Local Government

- **Yukiharu Kodama**

President Japan Information Processing Development Corporation

- **Ken Moroi**

Counselor Taiheiyo Cement Corporation

- **Etsuya Washio**

President National Federation of Workers and Consumers Insurance Cooperatives

[Pasona]

- **Hironori Aihara** External Director

- **Yasuyuki Nambu** Pasona Group CEO

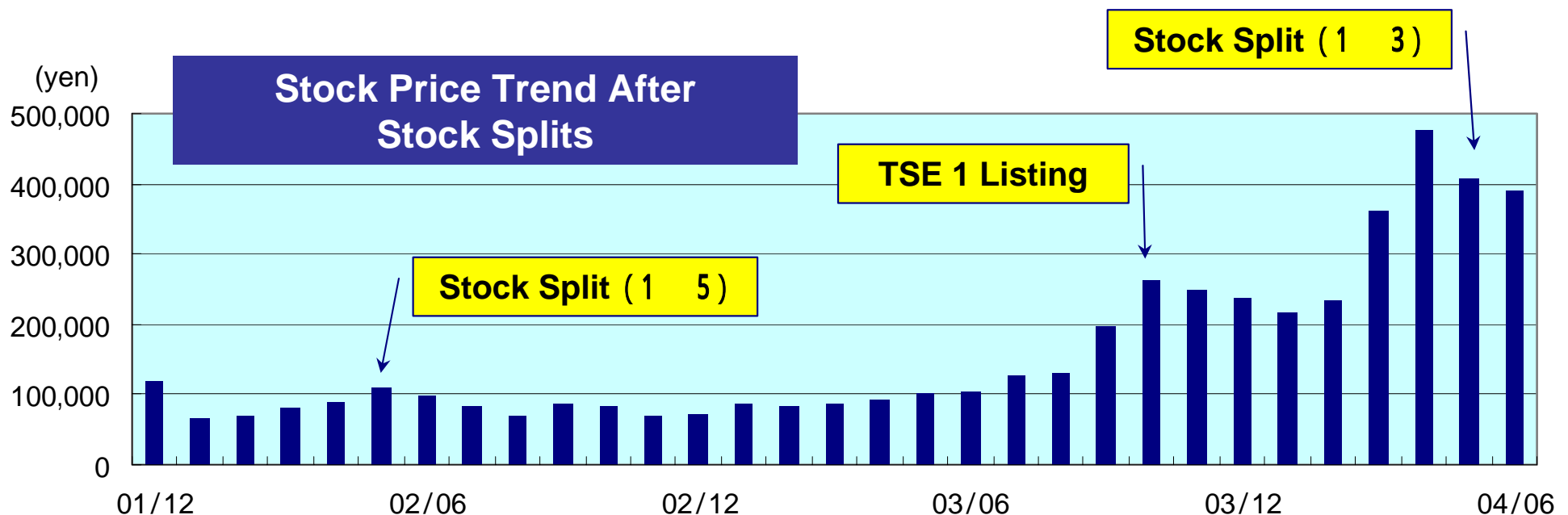
Dividend payout determined under consideration of payout ratio and necessary internal reserves

For shareholders at the end of May 2005

Planned dividend of **¥1,000/share** (**¥3,000 in the previous year**)

¥2,000/share (pre-stock split) dividend planned for May 2004

• **Dividend Payout** . . . **12.6%** (10.2% in the prior year)



Investor Relations Desk

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

Disclaimer: This data has been compiled for the express purpose of disclosing our financial situation for the FY ended May 2004, and not to persuade investors to purchase our stock. Furthermore, this report has been prepared using recent data available as of May 31, 2004. When data based on published opinions, predictions etc. is used, it is at our discretion and we cannot guarantee the accuracy or completeness of this information. Finally, this data may change without notice.