PASONA

FASF

September 26, 2007

CONSOLIDATED FINANCIAL REPORT
FIRST QUARTER FISCAL YEAR ENDING MAY 31, 2008
(June 1, 2007 to August 31, 2007)

Pasona Inc. is listed on the First Section of the Tokyo Stock Exchange with the securities code number 4332, and on the Nippon New Market "Hercules," Osaka Securities Exchange.
(URL: http://www.pasona.co.jp/)

Representative:	Group CEO and President Yasuyuki Nambu
For further information contact:	Yoshimichi Kawasaki Senior Managing Director and CFO Tel: +81-3-6734-1100

(Millions of yen rounded down unless otherwise stated)

1. CONSOLIDATED PERFORMANCE

(1) Consolidated Business Results
1Q of FY Ending 2008 (June 1, 2007 to August 31, 2007)

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

	Net Sales		Operating Income		Ordinary Income		Net Income	
		%		%		%		%
1Q FY ending 2008	60,489	7.2	1,529	(32.8)	1,584	(33.4)	795	(29.4)
1Q FY ended 2007	56,444	15.8	2,277	91.6	2,377	96.9	1,125	107.1
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
1Q FY ending 2008	1,910.77	1,909.07
1Q FY ended 2007	2,610.92	2,606.33
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)
August 31, 2007	53,338	27,275	42.8	54,814.81
August 31, 2006	48,900	23,492	40.2	47,358.09
May 31, 2007	54,425	26,904	41.1	53,759.81

Note: Figures are stated in millions of yen rounded down.

(3) Consolidated Cash Flows

(Millions of yen, rounded down)

	Operating Activities	Investing Activities	Financing Activities	Cash and Cash Equivalents at the End of the Period
1Q FY ending 2008	(1,883)	(1,299)	1,424	10,066
1Q FY ended 2007	(1,949)	(1,098)	(1,096)	10,506
FY ended 2007	5,897	(3,226)	(5,607)	11,750

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

(June 1, 2007 to May 31, 2008)

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

	Net Sales		Operating Income		Ordinary Income		Net Income		Net Income per Shares
Interim Period	123,790	9.4	2,770	(35.8)	2,780	(36.7)	1,300	(37.3)	3,119.35
Full Fiscal Year	259,130	12.1	9,190	8.0	9,230	4.8	4,430	5.5	10,629.80

3. 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

Note: For further details please refer to Item 4. Other of the Qualitative Information and Financial Statements on page 8 .

[Reference]

NON-CONSOLIDATED PERFORMANCE

(1) Non-Consolidated Business Results

1Q of FY Ending 2008 (June 1, 2007 to August 31, 2007)

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

	Net Sales		Operating Income		Ordinary Income		Net Income	
		%		%		%		%
1Q FY ending 2008	41,072	3.9	521	(59.8)	775	(47.1)	517	(53.1)
1Q FY ended 2007	39,525	12.5	1,295	51.3	1,465	50.3	1,101	88.3
FY ended 2007	162,085	11.9	4,822	(5.5)	4,970	(4.7)	360	(85.8)

	Net Income per Share	Diluted Net Income per Share
	Yen	Yen
1Q FY ending 2008	1,242.51	1,241.41
1Q FY ended 2007	2,555.43	2,550.95
FY ended 2007	858.36	856.93

(2) Changes in Non-Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio (%)	Net Assets per Share (Yen)
August 31, 2007	34,727	18,277	52.6	43,856.95
August 31, 2006	34,689	19,247	55.5	46,313.78
May 31, 2007	33,939	18,131	53.4	43,561.29

Qualitative Information and Overview of Business Performance

1. Qualitative Information of Consolidated Results

In the first quarter of the fiscal year ending May 31, 2008, the three-month period ended August 31, 2007, the overall Japanese economy remained firm. Despite signs of growing uncertainty surrounding future operating conditions, triggered by issues relating to individual residential loans in the United States, the positive platform in Japan was fueled by continued robust capital investment and a significant easing in the pressures relating to inventory adjustments in the information technology field. While little change was seen in the disparity among regions, and an underlying sense of persistent difficult operating conditions lingered in certain fields, clear signs of an improvement in the employment environment emerged on the back of positive trends toward recruitment in the corporate sector and continued tightening in the balance between labor supply and demand.

Under the aforementioned operating environment, the Pasona Group enjoyed improved results. In the temporary staffing business, we experienced growth in the number of temporary staff reflecting the priority implementation of comprehensive initiatives such as successful efforts to expand employee benefits and measures to secure high quality staff. In the placement and recruiting business, the Pasona Group was quick to embrace the demand for full-time employees through aggressive nationwide marketing activities. Accounting for these factors, consolidated net sales for the first quarter of the current fiscal year rose 7.2% compared with the corresponding period of the previous fiscal year to ¥60,489 million.

On the earnings front, gross profit margins in the temporary staffing business declined compared with the corresponding period of the previous fiscal year. This was attributed to the commencement of temporary staff travel expense payments in certain regions and revisions to employee social insurance rates. Buoyed by substantial improvements in the relatively high-profit placement and recruiting and outsourcing businesses, however, the Pasona Group was able to maintain its overall gross profit margin on a year-on-year basis.

As a part of the Group's overall marketing strategy, Pasona strengthened communication with both temporary staff and client firms. In addition to establishing new branches as the means to build stronger ties, we also augmented our workforce in an effort to maintain our development momentum in the growth businesses of temporary staffing, placement and recruiting and outsourcing. Accordingly, selling, general and administrative expenses also increased, impacting consolidated operating income which amounted to ¥1,529 million. In the three-month period ended August 31, 2006, operating income rose significantly reflecting the transfer of a substantial portion of SG&A expenses to the second half of the fiscal year. Accounting for the aforementioned factors, operating income for the period under review declined. Despite a year-on-year drop of 32.8%, operating income for the first quarter of the fiscal year ending May 31, 2008 was essentially in line with forecasts set at the beginning of the period.

After accounting for non-operating income and expenses as well as extraordinary items and taxation, consolidated ordinary income for the period under review was ¥1,584 million, a year-on-year decline of 33.4%. Consolidated net income also fell 29.4% compared with the corresponding period of the previous fiscal year, amounting to ¥795 million.

Segment Information (Figures include intrasegment sales)

1. Temporary staffing / Contracting, Placement / Recruiting

Sales: ¥ 55,857million; Operating income: ¥1,384 million

(Temporary staffing / Contracting) Sales: ¥53,596 million

Buoyed by the recovery in the Japanese economy, employment conditions were characterized by two distinct trends.

Focusing mainly on large companies, the corporate sector was characterized by the active recruitment of full-time employees including new graduates, as well as signs of a partial shift by non-full-time employees to full-time employment. Small and medium-sized enterprises, on the other hand, continued to confront difficulties in securing human resources further boosting the demand for personnel. Accounting for these factors, overall requirements for human resources by the corporate sector remained robust.

On an industry by industry basis, demand from the manufacturing and finance sectors remained robust. By job type, tight supply for clerical positions (general office work) contributed to a slowdown in growth rates, while tight supply conditions for technical positions also led to flat results. Against this backdrop, however, demand from the sales and marketing sector surged significantly compared with the corresponding period of the previous fiscal year, fueled by the upward swing in mobile phone sales positions.

On a negative note, recent compliance issues in connection with disguised contracting and the daily employment of temporary staff at the manufacturing front line including on-site light duty work have undeniably lowered the overall image of temporary staffing as a mode of employment. Under these circumstances, the Pasona Group firmly believes that the implementation of initiatives that focus on the interests and needs of temporary staff have become increasingly important in an effort to raise the status of temporary staffing as an employment category.

Based on this understanding, the Pasona Group implemented a variety of initiatives aimed at expanding the scope of employee welfare benefits for temporary staff and raising compensation. During the first quarter of the fiscal year ending May 31, 2008, we commenced the payment of temporary staff travel expenses in certain regions, raised the level of employee welfare benefits and implemented education and training systems. This has led to temporary staffing long term stability.

In addition, we enjoyed a level of success in communicating with client firms the Pasona Group's stance and focus toward temporary staffing. We were also persistent in our negotiations regarding temporary staffing unit prices at the invoice and payment levels, which collectively contributed to a moderate improvement in temporary staffing payments.

Accounting for these and other factors, first quarter sales in the Temporary staffing / Contracting segment totaled ¥53,596 million, an increase of 5.7% compared with the corresponding period of the previous fiscal year.

(Placement / Recruiting) Sales: ¥2,260 million

On the domestic front, the willingness to recruit human resources by the corporate sector remained strong with persistent positive conditions prevailing in the placement and recruiting business across all industries. Under these circumstances, the Pasona Group worked diligently to expand the scope of its placement and recruiting services. During the first quarter of the fiscal year under review, we strengthened our support toward graduates with limited experience in the workforce and those in the young age group seeking a change of career. Extending beyond the major metropolitan cities, the Pasona Group also commenced placement and recruiting activities in regional areas. At the same time, we put in place aggressive efforts to recruit consultants capable of providing job seekers with valuable support in their attempts to secure a change in career, and to enhance the quality of our services, particularly in the fields of education and training. Consistent with steady registration trends in the number of job seekers seeking a career change, we are seeing growing recognition of the Pasona Group brand in the placement and recruiting business.

Buoyed by these and other developments, domestic sales in the placement and recruiting business jumped 52.2% compared with the corresponding period of the previous fiscal year to ¥1,447 million. This was a significant increase and well in excess of the Group's initial plans.

Overseas, the Group's executive search activities, which form a part of its placement and recruiting business, experienced a slight decline. This was after robust results in the fiscal year ended May 31, 2007. Despite this slowdown, overall overseas sales remained steady and climbed 8.0% compared with the corresponding period of the previous fiscal year to ¥812 million.

As a result, sales in the Placement and Recruiting business amounted to ¥2,260 million, a healthy increase of 32.6% compared with the corresponding period of the previous fiscal year.

From a profit perspective, gross profit margins in the temporary staffing business declined in the first quarter of the fiscal year ending May 31, 2008. Despite an improvement in the earnings spread reflecting successful efforts to lift unit prices for temporary staff at the invoice level, this was attributable to the upswing in costs including payments for a portion of temporary staff travel expenses and an increase in employee social insurance rates. Unique to the first quarter of each fiscal year, the three month period between June and August, the traditional summer holiday period also impacted the Pasona Group's profitability. This was particularly the case in a fiscal year in which temporary staff found it relatively easy to take up paid holidays during the summer period, driving down the Group's gross profit margin.

Despite this downturn in the temporary staffing business, gross profit margins were boosted by significant growth in the Group's placement and recruiting activities. On an overall basis, the Pasona Group enjoyed a year-on-year improvement in its gross profit margin for this segment.

In addition to the aforementioned costs, the Pasona Group undertook strategic payments for the establishment of "CLUB PASONA OMOTESANDO", an employee benefit welfare facility open to the Group's temporary staff, and a new headquarter structure in the Shin Marunouchi Building, to serve not only as a communication center with client firms and temporary staff, but also as the Group's core strategic facility. Coupled with an increase in personnel designed to maintain a consistent level of business development, SG&A expenses climbed in this segment compared with the corresponding period of the previous fiscal year. Accounting for all of these factors, operating income in the Temporary staffing / Contracting and Placement / Recruiting segment decreased 33.3% year on year to ¥1,384 million.

2. Outplacement

Sales: ¥1,213 million; Operating income: ¥226 million

While the first quarter of the fiscal year under review saw little change in overall corporate sector results, underpinned by a recovery platform, certain industries experienced a temporary lull in this positive turnaround. Under these circumstances, a growing number of companies implemented initiatives to correct employment levels including optional and voluntary early retirement programs. In the period under review, the Pasona Group focused on delivering high quality outplacement services at the national level. Through these means, we secured high praise from client firms, contributing to steady demand. As a result, orders in the first quarter increased compared with the corresponding period of the previous fiscal year. Current order trnds were also robust.

In addition to the aforementioned, the Pasona Group enjoyed outplacement orders for its employment support services from regional public authorities. We also experienced wide acclaim for the high quality of our service and are seeing an increase in the number of clients.

While a steady stream of orders has contributed to a solid start and robust sales for the fiscal period ending May 31, 2008, the level was less than in the latter half of the fiscal year ended May 31, 2006, which benefited from strong growth in large scale orders. This contributed to significant sales growth in the corresponding period of the previous fiscal year. As a resultDespite these favorable factors, sales in the Outplacement business declined 8.7% year on year compared with the corresponding period of the previous fiscal year to ¥1,213 million. On the earnings front, operating income in the Outplacement business fell 49.8% year on year to ¥226 million, underperforming results in the previous year. Based on the level of order received in the fiscal period under review, which remain in line with initial plans, we estimate results will outperform the previous year going forward.

3. Outsourcing

Sales: ¥3,217 million; Operating loss: ¥72 million

In the first quarter of the fiscal year ending May 31, 2008, the outsourcing market for employee benefit programs experienced high rates of growth. This was attributed to successful efforts to promote a broad array of services that match the needs of employees with value to principal customers including major companies as well as government and other public offices.

Under these conditions, the Group worked diligently to promote its total compensation program that combines employee salaries and wages with benefits in a single package. In addition, the Pasona Group took steps to expand sales of its new service menu that includes "Anniversary Station," a system of congratulatory and condolence payments, as well as "Incentive Café," a points system that encompasses incentives, while strengthening activities in new business such as its "Customer Loyalty Program." Through these collective means, the Pasona Group secured a significant increase in Outsourcing segment sales, which climbed 33.2% compared with the corresponding period of the previous fiscal year to ¥3,217 million. Consistent with the same period in each fiscal year, profits were impacted by publishing expenses relating to an employee benefit program guidebook for distribution to members and other seasonal factors. Despite the impact of this annual concentration of costs, the operating loss for the segment improved from ¥119 million in the corresponding period of the previous fiscal year to ¥72 million. This substantial improvement is attributed to steady growth in segment sales.

4. Other

Sales: ¥472 million; Operating loss: ¥9 million

In the first quarter of the fiscal year ending May 31, 2008, the Pasona Group's child-care and education businesses remained steady. In addition, the Group's new lifestyle support services targeting the baby boomer generation and the elderly also took hold, gradually gaining in impetus. While sales in this segment declined 4.9% compared with the corresponding period of the previous fiscal year to ¥472 million, the operating loss narrowed significantly from ¥134 million in the three month period ended August 31, 2006 to ¥9 million. Buoyed by these results, the Pasona Group is well on track to eliminate the dificit and to generate a profit in this segment.

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

	1Q FY ended 2007	1Q FY ending 2008	YoY
Temporary staffing / Contracting	50,723	53,596	5.7%
Placement / Recruiting	1,704	2,260	32.6%
Outplacement	1,328	1,213	(8.7)%
Outsourcing	2,415	3,217	33.2%
Other	496	472	(4.9)%
Elimination or corporate	(225)	(270)	—
Total	56,444	60,489	7.2%

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

	1Q FY ended 2007	1Q FY ending 2008	YoY
Temporary staffing / Contracting, Placement / Recruiting	2,076	1,384	(33.3)%
Outplacement	451	226	(49.8)%
Outsourcing	(119)	(72)	—
Other	(134)	(9)	—
Elimination or corporate	3	0	(68.9)%
Total	2,277	1,529	(32.8)%

2. Qualitative Information and Overview of Consolidated Financial Position

1. *Status of Assets, Liabilities and Net Assets*

Total assets as of August 31, 2007 stood at ¥53,338 million, a decline of ¥1,087 million, or 2.0%, compared with the end of the previous fiscal year. Net assets amounted to ¥27,275 million, up ¥370 million, or 1.4%, compared with May 31, 2007. Based on the aforementioned, the equity ratio improved 1.7 percentage points to 42.8% compared with the previous fiscal year-end.

Looking at the principal movements in assets and liabilities, total assets included current assets of ¥36,839 million, which declined ¥2,247 million, or 5.7%, compared with the end of the previous fiscal year. Principal components included cash and deposits, which fell ¥1,631 million, or 14.2%, compared with May 31, 2007 to ¥9,839 million reflecting payments for taxation and dividends. Fixed assets stood at ¥16,498 million, up ¥1,159 million, or 7.6%, compared with the previous fiscal year-end. This is mainly attributed to the increase in property and equipment of ¥893 million, or 20.4%, to ¥5,278 million, reflecting the establishment of a strategic central office location for the Group in the Shin Marunouchi Building.

Total liabilities as of August 31, 2007 included current liabilities of ¥24,281 million, which declined ¥1,422 million, or 5.5%, compared with the end of the previous fiscal year. The major components was short-term loans, which increased by ¥1,910 million, or 1,706.7%, compared with May 31, 2007 to ¥2,022 million. Other components included income taxes payable of ¥480 million, which declined ¥1,689 million, or 77.9%, compared with the previous fiscal year-end, accounts payable — trade of ¥622 million, down ¥765 million, or 55.2%, and accrued expense, which fell ¥623 million, or 5.5%, compared with the previous fiscal year-end to ¥10,677 million. Long-term liabilities as of August 31, 2007 stood at ¥1,780 million, a decrease of ¥35 million, or 2.0%, compared with May 31, 2007.

2. *Cash Flow Status*

On a consolidated basis, cash and cash equivalents as of the end of the fiscal period under review stood at ¥10, 066 million, a drop of ¥1,684 million compared with May 31, 2007. (In the corresponding period of the previous fiscal year, cash and cash equivalents as of the end of the first quarter declined ¥4,149 million compared with May 31, 2006). The principal components of cash flows for the first quarter of the fiscal year ending May 31, 2008 were as follows.

Cash Flows from Operating Activities

Net cash used in operating activities was ¥1,883 million compared with ¥1,949 million in the corresponding period of the previous fiscal year. Major components were income before income taxes of ¥1,558 million, a drop of ¥793 million year on year, a decrease in accounts payable — trade of ¥1,371 million and income taxes paid totaling ¥2,044 million.

Cash Flows from Investing Activities

In the first quarter of the fiscal year ending May 31, 2008, the Pasona Group undertook payments for purchase of fixed assets totaling ¥768 million and payment for purchases of intangible assets including software amounting to ¥257 million. Accounting for these and other cash flows, cash used in investing activities were ¥1,299 million, compared with ¥1,098 million in the corresponding period of the previous fiscal year.

Cash Flows from Financing Activities

Net cash provided by financing activities for the three month period ended August 31, 2007 amounted to ¥1,424 million, compared with net cash used in financing activities of ¥1,096 million in the corresponding period of the previous fiscal year. Major components were an increase in short-term loans payable — trade totaling ¥1,907 million and dividends paid of ¥524 million.

3. Qualitative Information Regarding Forecast of Results

Results for the first quarter of the fiscal year ending May 31, 2008 are essentially in line with original estimates. As of the date of this report, there are no changes to the forecast of interim and full fiscal year results announced on July 20, 2007.

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

5. CONSOLIDATED FINANCIAL STATEMENTS

(1) CONSOLIDATED BALANCE SHEETS

As of August 31, 2006 and 2007, and May 31, 2007 (Millions of yen)

	1Q FY ended 2007 (as of August 31, 2006)			1Q FY ending 2008 (as of August 31, 2007)			FY ended 2007 (as of May 31, 2007)		
			(%)			(%)			(%)
ASSETS									
1. Current assets:									
1 Cash and deposits		10,226			9,839			11,470	
2 Notes and accounts receivable — trade		21,802			23,688			23,667	
3 Marketable securities		361			362			361	
4 Inventories		257			247			320	
5 Deferred tax assets		543			801			1,106	
6 Income tax receivable		—			—			5	
7 Other current assets		2,075			1,994			2,240	
Less allowance for doubtful receivables		(84)			(94)			(87)	
Total current assets		35,182	72.0		36,839	69.1		39,086	71.8
2. Fixed assets:									
1 Property and equipment:									
(1) Buildings	2,186			2,535			2,531		
(2) Land	793			817			793		
(3) Other tangible fixed assets	815	3,795	7.8	1,925	5,278	9.9	1,060	4,384	8.0
2 Intangible assets:									
(1) Goodwill	567			706			765		
(2) Software	1,859			1,877			1,799		
(3) Other intangibles	87	2,514	5.1	81	2,665	5.0	82	2,647	4.9
3 Investments and other assets:									
(1) Investment securities	1,751			1,760			1,846		
(2) Long-term loans	169			179			187		
(3) Deferred tax assets	922			786			787		
(4) Lease guarantee deposits	3,352			4,362			4,073		
(5) Other investments	1,292			1,547			1,503		
Less allowance for doubtful receivables	(81)	7,407	15.1	(82)	8,554	16.0	(92)	8,306	15.3
Total fixed assets		13,717	28.0		16,498	30.9		15,338	28.2
Total assets		48,900	100.0		53,338	100.0		54,425	100.0

Note: Figures are stated in millions of yen rounded down.

CONSOLIDATED BALANCE SHEETS

As of August 31, 2006 and 2007, and May 31, 2007 (Millions of yen)

	1Q FY ended 2007 (as of August 31, 2006)			1Q FY ending 2008 (as of August 31, 2007)			FY ended 2007 (as of May 31, 2007)		
			(%)			(%)			(%)
LIABILITIES									
1. Current liabilities:									
1 Accounts payable — trade		492			622			1,387	
2 Short-term loans payable		4,253			2,022			111	
3 Accounts payable — other		1,966			2,862			3,122	
4 Accrued expenses		9,832			10,677			11,300	
5 Income taxes payable		816			480			2,169	
6 Consumption taxes payable		2,478			2,627			2,665	
7 Reserve for bonus		849			1,064			1,594	
8 Reserve for directors' bonus		11			19			19	
9 Other current liabilities		3,123			3,906			3,331	
Total current liabilities		23,824	48.7		24,281	45.5		25,704	47.2
2. Long-term liabilities:									
1 Long-term debt		—			9			9	
2. Long-term payables — other		32			61			57	
2 Deferred tax liabilities		124			8			45	
3 Allowance for employees' severance retirement benefits		600			723			706	
4 Allowance for directors' retirement benefits		814			942			972	
5 Other long-term liabilities		11			35			24	
Total long-term liabilities		1,583	3.3		1,780	3.4		1,816	3.4
Total liabilities		25,408	52.0		26,062	48.9		27,520	50.6
NET ASSETS									
1. Shareholders' equity									
1 Common stock		8,322	17.0		8,384	15.7		8,358	15.4
2 Capital surplus		7,457	15.2		7,519	14.1		7,493	13.8
3 Retained earnings		7,996	16.3		11,015	20.6		10,636	19.5
4 Treasury stock		(4,287)	(8.7)		(4,287)	(8.0)		(4,287)	(7.9)
Total shareholders' equity		19,488	39.8		22,631	42.4		22,200	40.8
2. Valuation and conversions									
1 Net unrealized holding gain on other securities		140	0.3		66	0.1		96	0.2
2 Foreign currency translation adjustment		51	0.1		145	0.3		79	0.1
Total valuation and conversions		192	0.4		212	0.4		175	0.3
3. Minority interests		3,811	7.8		4,431	8.3		4,528	8.3
Total net assets		23,492	48.0		27,275	51.1		26,904	49.4
Total liabilities and net assets		48,900	100.0		53,338	100.0		54,425	100.0

Note: Figures are stated in millions of yen rounded down.

(2) CONSOLIDATED STATEMENTS OF INCOME

1Qs Fiscal Years ended 2007 and ending 2008, and the Fiscal Year ended 2007 (Millions of yen)

	1Q FY ended May 31, 2007 (June 1, 2006 to August 31, 2006)			1Q FY ending May 31, 2008 (June 1, 2007 to August 31, 2007)			FY ended May 31, 2007 (June 1, 2006 to May 31, 2007)		
			(%)			(%)			(%)
1. Net sales		56,444	100.0		60,489	100.0		231,231	100.0
2. Cost of sales		45,136	80.0		48,373	80.0		184,181	79.7
Gross profit		11,308	20.0		12,115	20.0		47,050	20.3
3. Selling, general and administrative expenses		9,031	16.0		10,585	17.5		38,542	16.6
Operating income		2,277	4.0		1,529	2.5		8,507	3.7
4. Non-operating income:									
1 Interest income	10			10			46		
2 Investment gain on equity method	61			16			144		
3 Subsidy from government	8			—			—		
4. Subsidy	—			—			64		
5 Insurance fund income	15			13			—		
6 Consumption tax and other exemption income	—			9			43		
7 Other income	23	118	0.2	42	92	0.2	111	410	0.2
5. Non-operating expenses:									
1 Interest expenses	3			6			36		
2 Commitment line of credit commission	7			10			39		
3 Amortization of new share issuance expense	3			—			—		
4 Previous period adjustment loss	—			15			—		
5 Other expenses	4	18	0.0	5	37	0.1	34	110	0.1
Ordinary income		2,377	4.2		1,584	2.6		8,807	3.8
6. Extraordinary gains:									
1.Gain on sale of investment securities	—			—			43		
2 Gain on sale of investment in affiliated companies	—			—			205		
3 Constructive gain on change in equity	—	—	—	35	35	0.1	—	249	0.1
7. Extraordinary losses:									
1 Loss on disposal of fixed assets	0			26			60		
2 Loss on fixed asset rationalization	—			35			—		
3 Impairment loss	—			—			155		
4 Loss on sales of investment in affiliated companies	25			—			25		
5 Loss on devaluation of investment securities	—			—			48		

6 Valuation loss on membership rights	—			—			8		
7 Constructive loss on change in equity	—			—			22		
8 Transfer to allowance for investment loss	—	26	0.0	—	61	0.1	14	335	0.1
Income before income taxes and minority interests		2,351	4.2		1,558	2.6		8,720	3.8
Income taxes — current	766			398			4,073		
Income taxes — deferred	417	1,183	2.1	301	699	1.2	(51)	4,022	1.8
Minority interests		41	0.1		63	0.1		500	0.2
Net income		1,125	2.0		795	1.3		4,198	1.8

Note: Figures are stated in millions of yen rounded down.

(3) CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

1Q of the FY ended 2007 (June 1, 2006 to August 31, 2006)

(Millions of yen)

	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 1Q of the fiscal year ended May 31, 2007:					
Distribution of surplus	—	—	(779)	—	(779)
Net income	—	—	1,125	—	1,125
Payment of directors' bonus	—	—	(2)	—	(2)
Acquisition of treasury stock	—	—	—	(4,287)	(4,287)
Decrease due to the decrease in subsidiary companies	—	—	(11)	—	(11)
Net change in line items other than shareholders' equity	—	—	—	—	—
Total due to movements during the 1Q of the fiscal year ended May 31, 2007	—	—	332	(4,287)	(3,955)
Balance as of August 31, 2006	8,322	7,457	7,996	(4,287)	19,488

	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 1Q of the fiscal year ended May 31, 2007:					
Distribution of surplus	—	—	—	—	(779)
Net income	—	—	—	—	1,125
Payment of directors' bonus	—	—	—	—	(2)
Acquisition of treasury stock	—	—	—	—	(4,287)
Decrease due to the decrease in subsidiary companies	—	—	—	—	(11)
Net change in line items other than shareholders' equity	0	(9)	(9)	(177)	(186)
Total due to movements during the 1Q of the fiscal year ended May 31, 2007	0	(9)	(9)	(177)	(4,142)
Balance as of August 31, 2006	140	51	192	3,811	23,492

Note: Figures are stated in millions of yen rounded down.

1Q of the FY ending 2008 (June 1, 2007 to August 31, 2007)

(Millions of yen)

	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 1Q of the fiscal year ending May 31, 2008:					
Issuance of new shares	25	25	—	—	51
Distribution of surplus	—	—	(416)	—	(416)
Net income	—	—	795	—	795
Net change in line items other than shareholders' equity	—	—	—	—	—
Total due to movements during the 1Q of the fiscal year ending May 31, 2008	25	25	379	—	430
Balance as of August 31, 2007	8,384	7,519	11,015	(4,287)	22,631

	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 1Q of the fiscal year ending May 31, 2008:					
Issuance of new shares	—	—	—	—	51
Distribution of surplus	—	—	—	—	(416)
Net income	—	—	—	—	795
Net change in line items other than shareholders' equity	(29)	66	36	(96)	(60)
Total due to movements during the 1Q of the fiscal year ending May 31, 2008	(29)	66	36	(96)	370
Balance as of August 31, 2007	66	145	212	4,431	27,275

Note: Figures are stated in millions of yen rounded down.

Year ended May 31, 2007 (Millions of yen)

	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 subsidiary companies	—	—	(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 subsidiary companies	—	—	—	—	(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

Note: Figures are stated in millions of yen rounded down.

(4) CONSOLIDATED STATEMENTS OF CASH FLOWS

1Qs Fiscal Years ended 2007 and ending 2008, and the Fiscal Year ended 2007 (Millions of yen)

	1Q FY ended May 31, 2007 (June 1, 2006 to August 31, 2006)	1Q FY ending May 31, 2008 (June 1, 2007 to August 31, 2007)	FY ended May 31, 2007 (June 1, 2006 to May 31, 2007)
1.Cash Flows from Operating Activities:			
Income before income taxes	2,351	1,558	8,720
Depreciation	248	249	1,071
Impairment loss	—	—	155
Amortization of others	3	2	16
Amortization of goodwill	45	62	276
Increase (decrease) in allowance for doubtful receivables	12	(2)	26
(Decrease) increase in reserve for bonus	(421)	(530)	323
Decrease in reserve for directors' bonus	(83)	(0)	(111)
Increase in allowance for employees' severance retirement benefits	30	14	136
(Decrease) increase in allowance for directors' retirement benefits	20	(29)	177
Interest and dividend income	(10)	(11)	(49)
Interest expenses	3	6	36
Foreign exchange loss (gain)	(1)	(11)	(15)
Investment gain on equity method	(61)	(16)	(144)
Constructive loss (gain) on change in equity	—	—	22
Loss on sale and disposal of fixed assets	0	26	60
Loss on fixed asset rationalization	—	35	—
Gain on sale of investment securities	—	—	(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	(840)	(0)	(2,712)
Decrease in inventories	71	73	14
Decrease (increase) in other current assets	(218)	167	(587)
(Decrease) increase in accounts payable — trade	(852)	(1,371)	1,395
(Decrease) increase in consumption tax payable	17	(38)	242
Increase(decrease) in other current liabilities	216	(32)	1,507
Directors' bonuses paid	—	—	(4)
Others	—	—	12
Subtotal	557	148	10,397
Interest and dividends received	14	18	54
Interest paid	(1)	(6)	(35)
Income taxes paid	(2,519)	(2,044)	(4,518)
Net cash (used in) provided by operating activities	(1,949)	(1,883)	5,897

Note: Figures are stated in millions of yen rounded down.

CONSOLIDATED STATEMENTS OF CASH FLOWS

1Qs Fiscal Years ended 2007 and ending 2008, and the Fiscal Year ended 2007 (Millions of yen)

	1Q FY ended May 31, 2007 (June 1, 2006 to August 31, 2006)	1Q FY ending May 31, 2008 (June 1, 2007 to August 31, 2007)	FY ended May 31, 2007 (June 1, 2006 to May 31, 2007)
2. Cash Flows from Investing Activities:			
Increase in time deposits	(12)	(50)	(52)
Payments for purchases of fixed assets	(417)	(768)	(1,020)
Proceeds from sale of fixed assets	—	1	—
Payments for purchases of intangible assets	(151)	(257)	(673)
Proceeds from sale of intangible assets	—	—	0
Payments for purchases of investment securities	(338)	(9)	(514)
Proceeds from sale of investment securities	—	89	2
Payments for the acquisition of subsidiary shares in line with the change in the scope of consolidation	—	—	(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	—	(9)	(29)
Proceeds from sale of certain securities of subsidiaries	—	—	278
Payments for increase in loans receivable	(38)	(21)	(116)
Proceeds from collection of loans receivable	31	28	239
Payments for receipt of business rights	—	—	(363)
Proceeds from other investments	30	89	242
Payments for other investments	(110)	(393)	(1,086)
Net cash used in investing activities	(1,098)	(1,299)	(3,226)
3. Cash Flows from Financing Activities:			
Increase (decrease) in short-term loans payable	4,061	1,907	(87)
Repayment of long-term debt	—	(0)	(1)
Repayment of financial lease	(51)	(9)	(135)
Proceeds from issuance of shares	—	51	71
Proceeds from minority shareholder payments	4	—	82
Proceeds from issuance of shares to minority shareholders	1	0	57
Payments for the acquisition of treasury stock	(4,287)	—	(4,287)
Payments for dividends by parent company	(780)	(417)	(1,190)
Payments for dividends to minority shareholders	(43)	(107)	(116)
Net cash provided by (used in) financing activities	(1,096)	1,424	(5,607)
4. Effect of Exchange Rate Changes on Cash and Cash Equivalents	(5)	73	29
5. Net (decrease) increase in Cash and Cash Equivalents	(4,149)	(1,684)	(2,905)
6. Cash and Cash Equivalents at the Beginning of the Period	14,656	11,750	14,656
7. Cash and Cash Equivalents at the End of the Period	10,506	10,066	11,750

Note: Figures are stated in millions of yen rounded down.

(5) Segment information

1Q, FY Ended 2007 (June 1, 2006 to August 31, 2006)

(Millions of yen)

	Temporary staffing/Contracting, Placement/Recruiting	Outplacement	Outsourcing	Other	Total	Eliminations and Corporate	Consolidated
Net sales							
(1) Sales to outside customers	52,375	1,324	2,337	406	56,444	—	56,444
(2) Intersegment sales and transfers	53	3	78	89	225	(225)	—
Total	52,428	1,328	2,415	496	56,670	(225)	56,444
Operating expenses	50,352	877	2,535	630	54,395	(228)	54,167
Operating income (loss)	2,076	451	(119)	(134)	2,274	3	2,277

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

1Q, FY ending 2008 (June 1, 2007 to August 31, 2007)

(Millions of yen)

	Temporary staffing/Contracting, Placement/Recruiting	Outplacement	Outsourcing	Other	Total	Eliminations and Corporate	Consolidated
Net sales							
(1) Sales to outside customers	55,793	1,213	3,122	360	60,489	—	60,489
(2) Intersegment sales and transfers	64	0	94	112	270	(270)	—
Total	55,857	1,213	3,217	472	60,760	(270)	60,489
Operating expenses	54,472	987	3,290	481	59,231	(271)	58,959
Operating income (loss)	1,384	226	(72)	(9)	1,529	0	1,529

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)

(Millions of yen)

	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. Production, orders and sales

1) Results of production

The Company and its consolidated subsidiaries provide human resources services mainly in Temporary staffing / Contracting, Placement / Recruiting, Outplacement, and Welfare Benefit Program Outsourcing. Therefore, due to characteristics of these services, there is no information in the report under the “Results of production” section.

2) Results of orders

For the reason mentioned in the above section, information on “Results of orders” is omitted.

3) Results of sales

Sales amounts of each segment are shown below.

	1Q FY Ending 2008 (June 1, 2007 to August 31, 2007)		
	Net sales (Millions of yen)	Share (%)	YoY (%)
Clerical	29,126	48.2	104.2
Technical	8,611	14.2	99.7
IT/Engineering	5,562	9.2	106.2
Others	10,183	16.8	116.0
Other related	50	0.1	81.9
Temporary staffing / Contracting	53,534	88.5	105.7
Placement / Recruiting	2,258	3.7	132.6
Temporary staffing / Contracting, Placement / Recruiting	55,793	92.2	106.5
Outplacement	1,213	2.0	91.6
Outsourcing	3,122	5.2	133.6
Other	360	0.6	88.5
Total	60,489	100.0	107.2

Notes:

1. Intersegment sales and transfers have been eliminated from the aforementioned figures.
2. Amounts are exclusive of consumption taxes.

Sales amounts of each area in Japan are shown as below.

	1Q FY Ending 2008 (June 1, 2007 to August 31, 2007)		
	Consolidated sales (Millions of yen)	Percentages as a whole (%)	Ratio compared with FY ended 2006 (%)
Hokkaido and Tohoku	1,320	2.2	107.7
Kanto (excluding Tokyo)	5,939	9.8	105.6
Tokyo	29,540	48.8	108.1
Tokai and Hoku-shinetsu	6,940	11.5	105.6
Kansai	9,874	16.3	102.6
Chugoku, Shikoku and Kyusyu	5,624	9.3	114.7
Overseas	1,249	2.1	106.9
Total	60,489	100.0	107.2

Monthly average number of contracts for registered temporary staff (Total of the Company and its consolidated subsidiaries)

	Monthly average number of contracts
1Q FY ending 2008	64,085

7. NON-CONSOLIDATED FINANCIAL STATEMENTS

(1) NON-CONSOLIDATED BALANCE SHEETS

As of August 31, 2006 and 2007, and May 31, 2007

(Millions of yen)

	1Q FY ended 2007 (as of August 31, 2006)			1Q FY ending 2008 (as of August 31, 2007)			FY ended 2007 (as of May 31, 2007)		
			(%)			(%)			(%)
ASSETS									
Current assets:									
1. Cash and deposits	1,087			1,026			703		
2. Accounts receivable	14,873			15,547			15,954		
3. Stored goods	75			68			68		
4. Deferred tax assets	302			516			714		
5. Other current assets	1,275			1,464			1,259		
Less allowance for doubtful receivables	(54)			(55)			(51)		
Total current assets		17,559	50.6		18,568	53.5		18,649	55.0
Fixed assets:									
1. Property and equipment:									
(1) Buildings	1,610			1,867			1,910		
(2) Land	653			652			653		
(3) Other tangible fixed assets	292			1,120			332		
Sub-total	2,556		7.4	3,639		10.5	2,896		8.5
2. Intangible assets:									
(1) Goodwill	—			12			14		
(2) Software	561			558			567		
(2) Other intangibles	62			62			62		
Sub-total	624		1.8	633		1.8	645		1.9
3. Investments and other assets:									
(1) Investment securities	443			363			389		
(2) Investments in subsidiaries and affiliates	10,143			7,407			7,398		
(3) Deferred tax assets	530			335			366		
(4) Lease guarantee deposits	2,575			3,278			3,167		
(5) Other investments	322			581			509		
Less allowance for doubtful receivables	(65)			(80)			(83)		
Sub-total	13,949		40.2	11,885		34.2	11,747		34.6
Total fixed assets		17,130	49.4		16,159	46.5		15,290	45.0
Total assets		34,689	100.0		34,727	100.0		33,939	100.0

Note: Figures are in millions of yen rounded down.

NON-CONSOLIDATED BALANCE SHEETS

As of August 31, 2006 and 2007, and May 31, 2007

(Millions of yen)

	1Q FY ended 2007 (as of August 31, 2006)			1Q FY ending 2008 (as of August 31, 2007)			FY ended 2007 (as of May 31, 2007)		
			(%)			(%)			(%)
LIABILITIES									
Current liabilities:									
1. Short-term loans payable	4,000			3,800			1,500		
2. Accrued expenses	6,661			7,146			7,630		
3. Income taxes payable	329			52			930		
4. Consumption taxes payable	1,842			1,907			1,866		
5. Reserve for bonus	500			610			1,041		
6. Other current liabilities	1,340			2,039			1,918		
Total current liabilities		14,674	42.3		15,556	44.8		14,886	43.9
Long-term liabilities:									
1. Allowance for directors' retirement benefits	586			679			720		
2. Other long-term liabilities	181			214			200		
Total long-term liabilities		767	2.2		894	2.6		921	2.7
Total liabilities		15,442	44.5		16,450	47.4		15,808	46.6
NET ASSETS									
I. Shareholders' equity									
1. Common stock		8,322	24.0		8,384	24.1		8,358	24.6
2. Capital surplus									
(1) Capital reserve	3,860			3,922			3,896		
(2) Other capital surplus	3,597	7,457	21.5	3,597	7,519	21.7	3,597	7,493	22.1
3. Retained earnings									
(1) Other retained earnings									
General reserve	4,500			4,500			4,500		
Retained earnings brought forward	3,204	7,704	22.2	2,148	6,648	19.2	2,047	6,547	19.3
4. Treasury stock		(4,287)	(12.4)		(4,287)	(12.4)		(4,287)	(12.6)
Total shareholders' equity		19,196	55.3		18,264	52.6		18,111	53.4
II. Valuation and conversion									
1. Net unrealized holding gain on other securities		50	0.2		13	0.0		20	0.0
Total valuation and conversion		50	0.2		13	0.0		20	0.0
Total net assets		19,247	55.5		18,277	52.6		18,131	53.4
Total liabilities and net assets		34,689	100.0		34,727	100.0		33,939	100.0

Note: Figures are in millions of yen rounded down.

(2) NON-CONSOLIDATED STATEMENTS OF INCOME

1Qs Fiscal Years ended 2007 and ending 2008, and Fiscal Year ended May 31, 2007

(Millions of yen)

	1Q FY ended 2007 (June 1, 2006 to August 31, 2006)			1Q FY ending 2008 (June 1, 2007 to August 31, 2007)			FY ended 2007 (June 1, 2006 to May 31, 2007)		
			(%)			(%)			(%)
I. Net sales		39,525	100.0		41,072	100.0		162,085	100.0
II. Cost of sales		33,287	84.2		34,864	84.9		135,980	83.9
Gross profit		6,237	15.8		6,207	15.1		26,104	16.1
III. Selling, general and administrative expenses		4,941	12.5		5,685	13.8		21,281	13.1
Operating income		1,295	3.3		521	1.3		4,822	3.0
IV. Non-operating income		180	0.4		273	0.7		213	0.1
V. Non-operating expenses		10	0.0		19	0.1		66	0.0
Ordinary income		1,465	3.7		775	1.9		4,970	3.1
VI. Extraordinary gains		327	0.8		—	—		564	0.3
VII. Extraordinary losses		—	—		5	0.0		2,978	1.8
Income before income taxes and minority interests		1,792	4.5		770	1.9		2,556	1.6
Income taxes — current	310			18			2,044		
Income taxes — deferred	380	691	1.7	234	252	0.6	152	2,196	1.4
1Q net income		1,101	2.8		517	1.3		360	0.2

Note: Figures are in millions of yen rounded down.