

**CONSOLIDATED FINANCIAL REPORT (Japanese GAAP)**  
**FY2013 (June 1, 2013 to May 31, 2014)**  
**Nine Months Ended February 28, 2014**

Listing Stock exchange: The First Section of the Tokyo Stock Exchange  
 Securities code number: 2168  
 URL: <http://www.pasonagroup.co.jp/>  
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 Tel. +81-3-6734-0200  
 Scheduled filing date of quarterly report: April 9, 2014  
 Supplementary materials prepared for quarterly financial results: Yes  
 Holding of quarterly financial results meeting: No

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

## 1. CONSOLIDATED BUSINESS RESULTS

### (1) Consolidated Financial Results

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

	Net Sales		Operating Income		Ordinary Income		Net Income (Loss)	
		%		%		%		%
Nine months ended February 28, 2014	154,939	0.9	2,046	16.8	1,957	14.9	12	—
Nine months ended February 28, 2013	153,561	13.5	1,752	62.3	1,703	49.6	(294)	—

(Note) Comprehensive income 9M FY2013: ¥741 million (132.5%) 9M FY2012: ¥318 million (-12.4%)

	Net Income (Loss)	Diluted Net Income
	per Share	per Share
Nine months ended February 28, 2014	Yen 0.33	Yen 0.31
Nine months ended February 28, 2013	(7.86)	—

(Note) 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. Net income (loss) per share has been calculated as if the stock split was conducted at the beginning of the previous fiscal year.

### (2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio (%)
February 28, 2014	66,998	26,379	30.8
May 31, 2013	71,276	26,253	29.3

(Reference) Equity As of February 28, 2014: ¥20,635 million As of May 31, 2013: ¥20,915 million

## 2. DIVIDENDS

Record Date	Dividends per Share				
	End of First Quarter	End of Second Quarter	End of Third Quarter	Fiscal Year-End	Total
	Yen	Yen	Yen	Yen	Yen
FY2012	—	0.00	—	1,000.00	1,000.00
FY2013	—	0.00	—		
FY2013(Forecast)				10.00	10.00

(Notes) Revision to dividend forecast in the current quarter: None

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. Dividend forecast for FY2013 takes into account a 1:100 stock split. If adjusted to reflect the number of shares prior to the stock split, the forecast of fiscal year-end dividend amount is equivalent to ¥1,000.

### 3. FORECAST OF RESULTS FOR THE FISCAL YEAR ENDING MAY 31, 2014

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
		%		%		%		%	Yen
Full Fiscal Year	222,000	6.9	3,430	8.0	3,320	4.2	480	(21.4)	12.82

(Notes) Revision to forecast of results in the current quarter: None

Forecast of net income per share takes into account the effect of a 1:100 stock split with an effective date of December 1, 2013.

### 4. NOTES

- (1) Changes in important subsidiaries during the current period : None  
(Changes in specified subsidiaries that caused changes in the scope of consolidation)
- (2) Application of the special accounting practices in the preparation of quarterly consolidated financial statements:  
None
- (3) Changes of accounting principles, changes in accounting estimates and retrospective restatement
  - 1) Changes of accounting principles in line with revisions to accounting and other standards: None
  - 2) Changes of accounting principles other than 1) above: None
  - 3) Changes in accounting estimates: None
  - 4) Retrospective restatement: None
- (4) Number of shares issued and outstanding (Common shares)
  - 1) The number of shares issued and outstanding as of the period-end (including treasury stock)  
February 28, 2014: 41,690,300 shares      May 31, 2013: 41,690,300 shares
  - 2) The number of treasury stock as of the period-end  
February 28, 2014: 4,240,100 shares      May 31, 2013: 4,240,100 shares
  - 3) Average number of shares for the period (Quarterly cumulative period)  
Nine months ended February 28, 2014: 37,450,200 shares  
Nine months ended February 28, 2013: 37,450,200 shares

(Note) 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. No. of shares issued and outstanding (common stock) has been calculated as if the stock split was conducted at the beginning of the previous fiscal year.

#### Information regarding the implementation of quarterly review procedures

As of the date of disclosure of this report, a review of the quarterly financial statements is being carried out in accordance with the Financial Instruments and Exchange Act.

#### Cautionary statement and other explanatory notes

1. The aforementioned forecasts are based on assumptions and beliefs in light of information available to management at the time of document preparation and accordingly include certain unconfirmed factors. As a result, readers are advised that actual results may differ materially from forecasts for a variety of reasons. Please refer to "Qualitative Information Concerning Consolidated Forecasts" on page 5 with regard to the assumptions and other related matters concerning consolidated financial results forecasts for the fiscal year ending May 31, 2014.
2. 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.

#### Method to obtain supplementary materials for quarterly financial results

Supplementary materials for the quarterly financial results under review were posted on the Company's website on April 4, 2014.

# Consolidated Financial Report

Nine months ended February 28, 2014

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## 9M FY2013 Consolidated Financial Report

(June 1, 2013 - February 28, 2014)

### 1. Qualitative Information Concerning Quarterly Consolidated Business Results

#### (1) Information Concerning Consolidated Business Results

##### Consolidated Business Results

	(Millions of yen)		
	9M FY2012	9M FY2013	YoY
Net sales	153,561	154,939	0.9%
Operating income	1,752	2,046	16.8%
Ordinary income	1,703	1,957	14.9%
Net income (loss)	(294)	12	—

##### Segment Information (Figures include intersegment sales)

##### Consolidated Net Sales by Segment

	(Millions of yen)		
	9M FY2012	9M FY2013	YoY
<b>HR Solutions</b>	152,860	153,227	0.2%
Expert Services (Temporary staffing), Insourcing (Contracting), Others	131,241	130,494	(0.6)%
Expert Services (Temporary staffing)	96,531	92,561	(4.1)%
Insourcing (Contracting)	27,560	29,537	7.2%
HR Consulting, Education & Training, Others	2,835	3,291	16.1%
Place & Search (Placement / Recruiting)	2,077	2,369	14.1%
Global Sourcing (Overseas)	2,236	2,734	22.3%
Outplacement	8,915	8,013	(10.1)%
Outsourcing	12,702	14,719	15.9%
<b>Life Solutions</b>			
<b>Public Solutions</b>	2,995	3,979	32.8%
<b>Shared</b>			
Eliminations and Corporate	(2,293)	(2,267)	—
<b>Total</b>	153,561	154,939	0.9%

##### Consolidated Operating Income by Segment

	(Millions of yen)		
	9M FY2012	9M FY2013	YoY
<b>HR Solutions</b>	5,090	4,814	(5.4)%
Expert Services (Temporary staffing), Insourcing (Contracting), Others	1,838	1,935	5.3%
Expert Services (Temporary staffing)			
Insourcing (Contracting)			
HR Consulting, Education & Training, Others	1,838	1,935	5.3%
Place & Search (Placement / Recruiting)			
Global Sourcing (Overseas)			
Outplacement	1,485	834	(43.8)%
Outsourcing	1,766	2,044	15.7%
<b>Life Solutions</b>			
<b>Public Solutions</b>	(12)	58	—
<b>Shared</b>			
Eliminations and Corporate	(3,325)	(2,826)	—
<b>Total</b>	1,752	2,046	16.8%

## **(2) Qualitative Information Concerning Consolidated Financial Position**

### **Status of Assets, Liabilities and Net Assets**

#### 1) Assets

Total assets as of February 28, 2014 stood at ¥66,998 million, a decrease of ¥4,277 million or 6.0%, compared with May 31, 2013. This was mainly attributable to certain factors including a decrease of ¥8,814 million in the balance of cash and deposits. This was partly offset by an increase of ¥2,561 million in notes and accounts receivable—trade.

#### 2) Liabilities

Total liabilities as of February 28, 2014 decreased ¥4,403 million or 9.8%, compared with May 31, 2013 totaling ¥40,618 million. The principal decreases in total liabilities were accounts payable—trade of ¥614 million, provision for bonuses of 834 million, income taxes payable of ¥968 million, provision for retirement benefits of ¥350 million and long-term loans payable of ¥401 million.

#### 3) Net Assets

Net assets as of February 28, 2014 stood at ¥26,379 million, an increase of ¥126 million or 0.5%, compared with May 31, 2013. This was mainly attributable to the net income of ¥12 million and the payment of cash dividends totaling ¥374 million, as well as an increase of ¥406 million in minority interests.

Accounting for the aforementioned, the equity ratio as of February 28, 2014 increased 1.5 points to 30.8% compared with the end of the previous fiscal year.

## **(3) Qualitative Information Concerning Consolidated Forecasts**

Results for nine months ended February 28, 2014 were essentially in line with plans. As of the date of this report, there are no changes to the forecast of full fiscal year results announced on July 12, 2013.

## 2. Quarterly Consolidated Financial Statements

### (1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of May 31, 2013	As of February 28, 2014
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and deposits	20,572	11,758
Notes and accounts receivable—trade	22,280	24,842
Other	5,037	5,832
Allowance for doubtful accounts	(53)	(58)
<b>Total current assets</b>	<b>47,836</b>	<b>42,375</b>
<b>Noncurrent assets</b>		
Property, plant and equipment	8,468	8,495
<b>Intangible assets</b>		
Goodwill	4,063	3,969
Other	3,650	3,846
<b>Total intangible assets</b>	<b>7,714</b>	<b>7,816</b>
<b>Investments and other assets</b>		
Other	7,610	8,661
Allowance for doubtful accounts	(14)	(9)
Allowance for investment loss	(340)	(340)
<b>Total investments and other assets</b>	<b>7,256</b>	<b>8,311</b>
<b>Total noncurrent assets</b>	<b>23,439</b>	<b>24,623</b>
<b>Total assets</b>	<b>71,276</b>	<b>66,998</b>

	As of May 31, 2013	As of February 28, 2014
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Accounts payable—trade	2,282	1,667
Short-term loans payable	3,005	3,246
Accrued expenses	12,119	11,759
Income taxes payable	1,535	567
Provision for bonuses	2,113	1,278
Provision for directors' bonuses	15	14
Asset retirement obligations	8	5
Other	12,658	11,626
<b>Total current liabilities</b>	<b>33,737</b>	<b>30,166</b>
<b>Noncurrent liabilities</b>		
Long-term loans payable	5,655	5,254
Provision for retirement benefits	1,614	1,264
Asset retirement obligations	821	825
Other	3,193	3,108
<b>Total noncurrent liabilities</b>	<b>11,284</b>	<b>10,452</b>
<b>Total liabilities</b>	<b>45,022</b>	<b>40,618</b>
<b>NET ASSETS</b>		
<b>Shareholders' equity</b>		
Capital stock	5,000	5,000
Capital surplus	6,054	6,054
Retained earnings	13,283	12,892
Treasury stock	(3,493)	(3,493)
<b>Total shareholders' equity</b>	<b>20,845</b>	<b>20,454</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	85	81
Foreign currency translation adjustment	(14)	100
<b>Total accumulated other comprehensive income</b>	<b>70</b>	<b>181</b>
<b>Minority interests</b>	<b>5,337</b>	<b>5,744</b>
<b>Total net assets</b>	<b>26,253</b>	<b>26,379</b>
<b>Total liabilities and net assets</b>	<b>71,276</b>	<b>66,998</b>

**(2) Quarterly Consolidated Statements of Income**

(Millions of yen)

	9M FY2012	9M FY2013
Net sales	153,561	154,939
Cost of sales	124,468	125,394
Gross profit	29,093	29,544
Selling, general and administrative expenses	27,340	27,497
Operating income	1,752	2,046
Non-operating income		
Interest income	8	18
Equity in earnings of affiliates	42	—
Subsidy	39	31
Rent expenses on real estates	20	37
Other	81	100
Total non-operating income	192	188
Non-operating expenses		
Interest expenses	138	124
Commitment fee	31	31
Equity in losses of affiliates	—	50
Other	71	72
Total non-operating expenses	241	277
Ordinary income	1,703	1,957
Extraordinary income		
Gain on sales of noncurrent assets	—	0
Gain on sales of investment securities	—	0
Gain on sales of subsidiaries and affiliates' stocks	3	0
Total extraordinary income	3	0
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	41	30
Impairment loss	—	12
Loss on change in equity	1	1
Other	—	4
Total extraordinary loss	42	48
Income before income taxes	1,664	1,908
Income taxes—current	1,116	1,100
Income taxes—deferred	280	203
Income taxes	1,396	1,303
Income before minority interests	267	604
Minority interests in income	561	592
Net income (loss)	(294)	12



**(3) Quarterly Consolidated Statements of Comprehensive Income**

(Millions of yen)

	9M FY2012	9M FY2013
Income before minority interests	267	604
Other comprehensive income		
Valuation difference on available-for-sale securities	(4)	15
Foreign currency translation adjustment	55	121
Total other comprehensive income	51	136
Comprehensive income	318	741
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	(240)	122
Comprehensive income attributable to minority interests	559	618

**(4) Notes to Going Concern Assumption**

Not applicable

**(5) Segment Information**

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

Nine Months ended February 28, 2013

(Millions of yen)

	Reporting segments				Others (Note 2)	Total	Adjustment (Note 3)	Figures in consolidated statements of income (Note 4)
	HR Solutions			Subtotal				
	Expert Services (Temporary staffing), Insourcing (Contracting), Others (Note 1)	Outplacement	Outsourcing					
Net sales								
(1) Sales to outside customers	130,700	8,914	12,538	152,152	1,409	153,561	—	153,561
(2) Intersegment sales and transfers	541	1	164	707	1,586	2,293	(2,293)	—
Total	131,241	8,915	12,702	152,860	2,995	155,855	(2,293)	153,561
Operating income (loss)	1,838	1,485	1,766	5,090	(12)	5,077	(3,325)	1,752

Notes:

- The “Expert Services (Temporary staffing), Insourcing (Contracting), Others” segment includes each of the businesses of Expert Services (Temporary staffing), Insourcing (Contracting), HR Consulting and others, Place & Search (Placement / Recruiting) as well as Global Sourcing (Overseas).
- The “Others” segment includes Life Solutions, Public Solutions, and Shared operations, is not included in reporting segments.
- Adjustment is as follows: Operating loss of ¥3,325 million includes the elimination of intersegment transactions of ¥2 million and corporate expenses of ¥3,327 million. Corporate expenses are not allocated to reporting segments. Corporate expenses primarily consist of Group management costs relating to the Company.
- Segment income is adjusted with operating income under consolidated statements of income.

	Reporting segments				Others (Note 2)	Total	Adjustment (Note 3)	Figures in consolidated statements of income (Note 4)
	HR Solutions			Subtotal				
	Expert Services (Temporary staffing), Insourcing (Contracting), Others (Note 1)	Outplacement	Outsourcing					
Net sales								
(1) Sales to outside customers	129,971	8,012	14,549	152,532	2,406	154,939	—	154,939
(2) Intersegment sales and transfers	523	1	170	694	1,573	2,267	(2,267)	—
Total	130,494	8,013	14,719	153,227	3,979	157,207	(2,267)	154,939
Operating income	1,935	834	2,044	4,814	58	4,873	(2,826)	2,046

Notes:

1. The “Expert Services (Temporary staffing), Insourcing (Contracting), Others” segment includes each of the businesses of Expert Services (Temporary staffing), Insourcing (Contracting), HR Consulting and others, Place & Search (Placement / Recruiting) as well as Global Sourcing (Overseas).
2. The “Others” segment includes Life Solutions, Public Solutions, and Shared operations, is not included in reporting segments.
3. Adjustment is as follows: Operating loss of ¥2,826 million includes the elimination of intersegment transactions of ¥2 million and corporate expenses of ¥2,829 million. Corporate expenses are not allocated to reporting segments. Corporate expenses primarily consist of Group management costs relating to the Company.
4. Segment income is adjusted with operating income under consolidated statements of income.

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

Not applicable

(7) Important Subsequent Events

Company and other purchases through the acquisition of shares

In accordance with a resolution of the Board of Directors at a meeting held on March 13, 2014, Pasona Group resolved to acquire equity interest in Medical Associa Inc. (hereafter “Medical Associa”) In addition, stock purchase agreement was executed on the same day.

i. Objective of the share acquisition

Medical Associa, a pioneer of medical employment agency, provides comprehensive medical human resources services such as staffing of clinical nurses, doctors, clinical laboratory technicians, pharmacists and medical clerks for all varieties of health care institutions. The acquisition of Medical Associa will enable the Company to bolster its human resources services in the Company’s priority medical fields.

ii. Seller of Medical Associa shares

Hideyo Tanaka and other two shareholders

iii. Name, business activities and size of company to be purchased

(Fiscal year ended January 31, 2014)

Company name	Medical Associa Inc.
Business activities	Temporary staffing, placement and recruiting, outplacement, outsourcing services, others
Total Shareholders' Equity	¥609 million
Total Assets	¥2,013 million
Net Sales	¥5,443 million
Operating Income	¥64 million
Ordinary Income	¥56 million
Net Income	¥34 million

iv. Scheduled date of share transfer

April 14, 2014 (planned)

v. Number of shares to be acquired, acquisition amount, measure to raise funds and shareholding ratio after acquisition

Number of shares to be acquired : 74,326 shares

Acquisition amount : ¥1,427 million

Measure to raise funds : Bank loans

Shareholding ratio after acquisition : 94.1%

Note: Number of shares to be acquired, acquisition amount and shareholding ratio after acquisition can change if there is an offer to sell from other shareholders.