

**CONSOLIDATED FINANCIAL REPORT (Japanese GAAP)**  
**FY2015 (June 1, 2015 to May 31, 2016)**  
 First Half Ended November 30, 2015

Listing Stock exchange: The First Section of the Tokyo Stock Exchange  
 Securities code number: 2168  
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 Supplementary materials prepared for quarterly financial results: Yes  
 Holding of quarterly financial results meeting: Yes

(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		Loss attributable to owners of parent	
		%		%		%		%
First Half ended November 30, 2015	127,602	12.1	1,072	(10.3)	977	(12.7)	334	—
First Half ended November 30, 2014	113,805	10.9	1,195	15.2	1,118	16.3	155	—

(Note) Comprehensive income H1 FY2015: ¥(369) million H1 FY2014: ¥287 million (12.0%)

	Net Loss per Share	Diluted Net Income per Share
	Yen	Yen
First Half ended November 30, 2015	9.08	—
First Half ended November 30, 2014	4.22	—

(Note)

Effective from H1 FY2015, the Company has introduced “Employment Stock Ownership Plan (J-ESOP)” and “Board Benefit Trust (BBT)”. The Company’s shares in the J-ESOP and BBT, which are reported as treasury stock under Shareholders’ equity, are not counted toward the average number of shares outstanding for the period for the purpose of computing earnings per share.

### (2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio (%)
November 30, 2015	80,164	27,702	24.7
May 31, 2015	88,641	29,620	24.1

(Reference) Equity As of November 30, 2015: ¥19,801 million As of May 31, 2015: ¥21,333 million

## 2. DIVIDENDS

Record Date	End of First Quarter	End of Second Quarter	End of Third Quarter	Fiscal Year-End	Total
	Yen	Yen	Yen	Yen	Yen
FY2014	—	0.00	—	12.00	12.00
FY2015	—	0.00			
FY2015(Forecast)			—	12.00	12.00

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

## 3. FORECAST OF RESULTS FOR THE FISCAL YEAR ENDING MAY 31, 2016

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	268,000	18.5	4,700	34.7	4,600	37.6	750	250.2	20.38

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

## 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: Yes
  - 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)  
November 30, 2015: 41,690,300 shares    May 31, 2015: 41,690,300 shares
  - 2) The number of treasury stock as of the period-end  
November 30, 2015: 4,893,138 shares    May 31, 2015: 4,893,100 shares
  - 3) Average number of shares for the period (Quarterly cumulative period)  
First Half ended November 30, 2015: 36,797,173 shares  
First Half ended November 30, 2014: 36,838,886 shares

### Information regarding the implementation of quarterly review procedures

As of the date of disclosure of this report, a review of the quarterly financial statements has been completed in accordance with the Financial Instruments and Exchange Act.

### Cautionary statement and other explanatory notes

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 6 with regard to the assumptions and other related matters concerning consolidated financial results forecasts for the fiscal year ending May 31, 2016.

Pasona Group Inc. intends to hold a financial results meeting in Tokyo on January 15, 2016 for the benefit of analysts and institutional investors. Presentation materials will be posted on our website after the meeting in a timely manner.

As for FY2014 (June 1, 2014 – May 31, 2015), some of domestic consolidated subsidiaries changed their fiscal year end from March 31 to May 31, following adoption of consolidated taxation system. Therefore, business term for these subsidiaries was an irregular period of 14 months and eight-month results combined in H1 FY2014.

# Consolidated Financial Report

First Half Ended November 30, 2015

## INDEX

1. Summary Concerning Quarterly Consolidated Business Results	
(1) Information Concerning Consolidated Business Results	..... p. 4
(2) Qualitative Information Concerning Consolidated Financial Position	..... p. 5
(3) Qualitative Information Concerning Consolidated Forecasts	..... p. 6
2. Matters Relating to Summary Information (Notes)	
(1) Changes of Accounting Policies, Changes in Accounting Estimates and Retrospective Restatement	..... p. 6
(2) Additional Information	..... p. 6
3. Quarterly Consolidated Financial Statements	
(1) Quarterly Consolidated Balance Sheets	..... p. 8
(2) Quarterly Consolidated Statements of Income	..... p. 10
(3) Quarterly Consolidated Statements of Comprehensive Income	..... p. 11
(4) Quarterly Consolidated Statements of Cash Flows	..... p. 12
(5) Notes to Going Concern Assumption	..... p. 14
(6) Segment Information	..... p. 14
(7) Notes on Significant Changes in the Amount of Shareholders' Equity	..... p. 15
(8) Important Subsequent Events	..... p. 15

# H1 FY2015 Consolidated Financial Report

(June 1, 2015 - November 30, 2015)

## 1. Summary Concerning Quarterly Consolidated Business Results

### (1) Information Concerning Consolidated Business Results

#### Consolidated Business Results

	H1 FY2014	H1 FY2015	YoY
Net sales	113,805	127,602	12.1%
Operating income	1,195	1,072	(10.3)%
Ordinary income	1,118	977	(12.7)%
Loss attributable to owners of parent	155	334	—

(Millions of yen)

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

Effective from Q1 FY2015, the classification of the reporting segments has been revised. Comparison (YoY) is based on the new classification.

#### Consolidated Sales by Segment

	H1 FY2014	H1 FY2015	YoY
<b>HR Solutions</b>	111,724	126,038	12.8%
Expert Services (Temporary staffing), Insourcing (Contracting), Others	94,990	105,818	11.4%
Expert Services (Temporary staffing)	67,697	65,708	(2.9)%
Insourcing (Contracting)	22,362	34,375	53.7%
HR Consulting, Education & Training, Others	2,692	2,924	8.6%
Global Sourcing (Overseas)	2,238	2,809	25.5%
Career Solutions (Placement/Recruiting, Outplacement)	6,799	8,267	21.6%
Outsourcing	9,935	11,952	20.3%
<b>Life Solutions, Public Solutions</b>	3,045	2,734	(10.2)%
Eliminations and Corporate	(964)	(1,171)	—
Total	113,805	127,602	12.1%

(Millions of yen)

#### Consolidated Operating Income (Loss) by Segment

	H1 FY2014	H1 FY2015	YoY
<b>HR Solutions</b>	3,258	3,866	18.6%
Expert Services (Temporary staffing), Insourcing (Contracting), Others	1,355	755	(44.3)%
Expert Services (Temporary staffing)	1,355	755	(44.3)%
Insourcing (Contracting)			
HR Consulting, Education & Training, Others			
Global Sourcing (Overseas)			
Career Solutions (Placement/Recruiting, Outplacement)	714	1,628	127.8%
Outsourcing	1,188	1,481	24.7%
<b>Life Solutions, Public Solutions</b>	(34)	(356)	—
Eliminations and Corporate	(2,028)	(2,437)	—
Total	1,195	1,072	(10.3)%

(Millions of yen)

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

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

#### 1) Assets

Total assets as of November 30, 2015 stood at ¥80,164 million, a decrease of ¥8,477 million or 9.6%, compared with May 31, 2015. This was mainly attributable to certain factors including a decrease of ¥7,236 million in cash and deposits as well as a decrease of ¥272 million in notes and accounts receivable—trade.

#### 2) Liabilities

Total liabilities as of November 30, 2015 stood at ¥52,462 million, a decrease of ¥6,559 million or 11.1%, compared with May 31, 2015. The principal decreases in total liabilities were accounts payable—trade of ¥2,342 million and accrued consumption taxes of ¥3,581 million.

#### 3) Net Assets

Net assets as of November 30, 2015 stood at ¥27,702 million, a decline of ¥1,917 million or 6.5%, compared with May 31, 2015. This was mainly due to the net loss attributable to owners of parent of ¥334 million, the payment of cash dividends totaling ¥441 million and a decrease of ¥386 million in non-controlling interests.

Accounting for the aforementioned, the equity ratio as of November 30, 2015 increased 0.6 points to 24.7% compared with the end of the previous fiscal year.

### **Status of Cash Flows**

Cash and cash equivalents (hereafter “net cash”) as of November 30, 2015 decreased ¥6,733 million compared with the end of the previous fiscal year to ¥13,565 million.

#### 1) Cash Flows from Operating Activities

Net cash used in operating activities for H1 FY2015 amounted to ¥4,919 million (Increased ¥781 million for H1 FY2014).

Major cash inflows were income before income taxes totaling ¥985 million (¥1,088 million for H1 FY2014), depreciation and amortization of ¥1,618 million (¥1,249 million for H1 FY2014) as well as a decrease in notes and accounts receivable—trade of ¥401 million (Increased ¥967 million for H1 FY2014).

The principal cash outflows were a decrease in operating debt of ¥2,685 million (¥1,753 million for H1 FY2014), a decrease in accrued consumption taxes of ¥3,570 million (Increased ¥1,922 million for H1 FY2014) as well as income taxes paid of ¥1,088 million (¥897 million for H1 FY2014).

#### 2) Cash Flows from Investing Activities

Net cash used in investing activities for H1 FY2015 was ¥497 million (Decreased ¥1,800 million for H1 FY2014).

Major cash inflow was proceeds from sales of property, plant and equipment of ¥869 million (¥3 million for H1 FY2014).

The principal cash outflows were purchase of non-current assets of ¥1,269 million (¥1,710 million for H1 FY2014) and purchase of investment securities of ¥482 million (¥152 million for H1 FY2014).

#### 3) Cash Flows from Financing Activities

Net cash used in financing activities was ¥1,273 million (Decreased ¥3,884 million for H1 FY2014). Major cash inflow was proceeds from long-term loans payable of ¥3,000 million (none recognized for H1 FY2014).

The principal cash outflows were repayment of long-term loans payable totaling ¥2,293 million (¥2,232 million for H1 FY2014), cash dividends paid amounted to ¥961 million (¥792 million for H1 FY2014) and purchase of treasury stock of subsidiaries in consolidation amounted to ¥831 million (none recognized for H1 FY2014).

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

Consolidated business results for H1 FY2015 are essentially in line with initial plans. Accordingly, there is no change to the consolidated forecasts of business results previously announced on July 15, 2015.

## **2. Matters Relating to Summary Information (Notes)**

### **(1) Changes of Accounting Policies, Changes in Accounting Estimates and Retrospective Restatement**

(Changes in Accounting Policies)

Effective from Q1 FY2015, the Company adopted the Accounting Standard for Business Combinations (ASBJ Statement No. 21, September 13, 2013, hereinafter, “Business Combinations Standard”), Accounting Standard for Consolidated Financial Statements (ASBJ Statement No. 22, September 13, 2013, hereinafter, “Consolidated Financial Statements Standard”) and the Accounting Standard for Business Divestitures (ASBJ Statement No. 7, September 13, 2013, hereinafter, “Business Divestitures Standard”) and other related pronouncements. Accordingly, the Company’s accounting policies have been changed, whereby the differences arising from changes in the Company’s equity in a subsidiary over which the Company retains control is recorded as capital surplus and acquisition-related costs are expensed in the consolidated fiscal year of incurrence. In addition, for business combinations to be performed from the beginning of FY2015 onward, changes have been made whereby adjustments to the provisional amount arising from the finalization of the tentative accounting treatment relating to the allocation of acquisition cost are recognized in the quarterly consolidated financial statements during which the business combination occurred. In addition, the Company has changed the presentation of net income and other related items, and the presentation of “minority interests” to “non-controlling interests.” To reflect this change in presentation, a reclassification of accounts has been made to the consolidated financial statements for H1 and full FY2014.

In the quarterly consolidated statements of cash flows for H1 FY2015, cash flows relating to the purchase or sales of investments in subsidiaries that do not result in change in scope of consolidation have been reclassified under “cash flows from financing activities,” and cash flows relating to expenses incurred in connection with the purchase of investments in subsidiaries resulting in change in scope of consolidation and cash flows relating to expenses incurred in connection with the purchase or sales of investments in subsidiaries that do not result in change in scope of consolidation have been reclassified under “cash flows from operating activities.”

The Business Combinations Standard and other related pronouncements were adopted in accordance with transitional treatments stipulated in Paragraph 58-2(4) of the Business Combinations Standard, Paragraph 44-5(4) of the Consolidated Financial Statements Standard and Paragraph 57-4(4) of the Business Divestitures Standard, and they have been prospectively adopted from the beginning of FY2015.

As a result, each of operating income, ordinary income and income before income taxes for H1 FY2015 increased by ¥31 million. Capital surplus as of November 30, 2015 decreased by ¥423 million.

### **(2) Additional Information**

#### **1) Employment Stock Ownership Plan (J-ESOP)**

On October 26, 2015, the Company introduced an Employment Stock Ownership Plan (J-ESOP), an incentive plan that grants the Company’s shares to employees of the Company and the officers and employees of its subsidiaries (“Employees, etc.”) thus motivating them to boost corporate performance and the share price.

#### **i) Summary of the Transaction**

Prior to the launch of the J-ESOP program, the Company established share granting rules. The Company set up a trust with a trust bank and contributed cash, which was used by the trust bank to purchase the Company’s shares for later distribution in accordance with the rules. J-ESOP is a mechanism in which the Employees, etc. are given points in accordance with the rules and are granted shares of the Company commensurate with the points earned.

The Company has applied the “Practical Solution on Transactions of Delivering the Company’s Own Stock to Employees etc. through Trusts” (ASBJ PITF No. 30, March 26, 2015).

The trust is accounted for with a method (the gross method), in which assets and liabilities of the trust are recorded on the balance sheet as assets and liabilities of the Company.

ii) Own Stock Remaining in the Trust

The Company recorded own stocks in the trust as treasury stocks under net assets at book value excluding associated costs in the trust. The book value of own stocks as of November 30, 2015 was ¥199 million, and the number of the stocks was 194,000 shares.

iii) Aggregate Book Value of Loan under the Gross Method

Not applicable

2) Board Benefit Trust (BBT)

On October 26, 2015, the Company introduced Board Benefit Trust (BBT) as a performance-linked stock compensation for directors (excluding outside directors) based on a resolution of the General Meeting of Shareholders on August 19, 2015.

i) Summary of the Transaction

Prior to the launch of the BBT program, the Company established share granting rules. The Company set up a trust with a trust bank and contributed cash, which was used by the trust bank to purchase the Company's shares for later distribution in accordance with the rules. BBT is a mechanism in which directors are given points in accordance with the rules and are granted shares of the Company commensurate with the points earned.

The Company has applied the "Practical Solution on Transactions of Delivering the Company's Own Stock to Employees etc. through Trusts" (ASBJ PITF No. 30, March 26, 2015) for directors as a replacement.

The trust is accounted for with a method (the gross method), in which assets and liabilities of the trust are recorded on the balance sheet as assets and liabilities of the Company.

ii) Own Stock Remaining in the Trust

The Company recorded own stocks in the trust as treasury stocks under net assets at book value excluding associated costs in the trust. The book value of own stocks as of November 30, 2015 was ¥299 million, and the number of the stocks was 291,000 shares.

iii) Aggregate Book Value of Loan under the Gross Method

Not applicable

### 3. Quarterly Consolidated Financial Statements

#### (1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of May 31, 2015	As of November 30, 2015
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and deposits	21,123	13,886
Notes and accounts receivable—trade	29,531	29,259
Inventories	1,007	998
Other	6,531	6,348
Allowance for doubtful accounts	(64)	(53)
Total current assets	58,129	50,440
<b>Non-current assets</b>		
Property, plant and equipment	9,770	8,945
<b>Intangible assets</b>		
Goodwill	4,884	4,327
Other	4,916	5,460
Total intangible assets	9,801	9,787
<b>Investments and other assets</b>		
Other	10,986	11,036
Allowance for doubtful accounts	(45)	(45)
Total investments and other assets	10,940	10,990
Total non-current assets	30,512	29,724
<b>Total assets</b>	<b>88,641</b>	<b>80,164</b>



As of May 31, 2015

As of November 30, 2015

**LIABILITIES****Current liabilities**

Accounts payable—trade	5,217	2,875
Short-term loans payable	3,972	4,318
Accrued expenses	12,576	12,274
Income taxes payable	1,425	1,114
Provision for bonuses	2,814	3,084
Provision for directors' bonuses	25	17
Asset retirement obligations	50	22
Other	20,184	15,400
<b>Total current liabilities</b>	<b>46,267</b>	<b>39,107</b>

**Non-current liabilities**

Long-term loans payable	7,419	8,017
Net defined benefit liability	1,692	1,663
Asset retirement obligations	842	886
Other	2,799	2,786
<b>Total non-current liabilities</b>	<b>12,753</b>	<b>13,354</b>

**Total liabilities**

59,021

52,462

**NET ASSETS****Shareholders' equity**

Capital stock	5,000	5,000
Capital surplus	6,068	5,761
Retained earnings	13,370	12,594
Treasury stock	(3,899)	(4,016)
<b>Total shareholders' equity</b>	<b>20,539</b>	<b>19,340</b>

**Accumulated other comprehensive income**

Valuation difference on available-for-sale securities	206	106
Foreign currency translation adjustment	271	197
Remeasurements of defined benefit plans	316	158
<b>Total accumulated other comprehensive income</b>	<b>794</b>	<b>461</b>

**Non-controlling interests**

8,286

7,900

**Total net assets**

29,620

27,702

**Total liabilities and net assets**

88,641

80,164

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

(Millions of yen)

	H1 FY2014	H1 FY2015
Net sales	113,805	127,602
Cost of sales	91,344	102,167
Gross profit	22,461	25,435
Selling, general and administrative expenses	21,265	24,362
Operating income	1,195	1,072
Non-operating income		
Interest income	13	23
Subsidy	23	29
Real estate rent	24	22
Other	69	87
Total non-operating income	131	163
Non-operating expenses		
Interest expenses	83	78
Commitment fee	24	29
Share of loss of entities accounted for using equity method	40	83
Other	58	67
Total non-operating expenses	207	258
Ordinary income	1,118	977
Extraordinary income		
Gain on sales of non-current assets	—	5
Gain on sales of investment securities	—	63
Gain on donation of non-current assets	—	17
Total extraordinary income	—	85
Extraordinary loss		
Loss on sales and retirement of non-current assets	25	30
Impairment loss	2	37
Loss on valuation of investment securities	2	—
Loss on sales of shares of subsidiaries and associates	—	9
Total extraordinary loss	30	77
Income before income taxes	1,088	985
Income taxes—current	879	973
Income taxes—deferred	(28)	(9)
Income taxes	851	964
Net income	237	21
Profit attributable to non-controlling interests	392	355
Profit (loss) attributable to owners of parent	(155)	(334)

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

(Millions of yen)

	H1 FY2014	H1 FY2015
Profit (loss)	237	21
Other comprehensive income		
Valuation difference on available-for-sale securities	106	(147)
Foreign currency translation adjustment	96	(82)
Remeasurements of defined benefit plans	(158)	(158)
Share of other comprehensive income of entities accounted for using equity method	5	(2)
Total other comprehensive income	50	(390)
Comprehensive income	287	(369)
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	(155)	(666)
Comprehensive income attributable to non-controlling interests	443	297

**(4) Quarterly Consolidated Statements of Cash Flows**

(Millions of yen)

	H1 FY2014	H1 FY2015
Cash flows from operating activities		
Income before income taxes	1,088	985
Depreciation and amortization	1,249	1,618
Impairment loss	2	37
Amortization of goodwill	465	485
Increase (decrease) in allowance for doubtful accounts	(4)	(10)
Increase (decrease) in provision for bonuses	216	254
Increase (decrease) in provision for directors' bonuses	(9)	(9)
Increase (decrease) in net defined benefit liability	(5)	(25)
Decrease (increase) in net defined benefit asset	(289)	(259)
Interest and dividends income	(28)	(36)
Interest expenses	83	78
Subsidy income	(23)	(29)
Share of (profit) loss of entities accounted for using equity method	40	83
Loss (gain) on sales and retirement of non-current assets	25	24
Loss (gain) on sales of investment securities	—	(63)
Loss (gain) on valuation of investment securities	2	—
Loss (gain) on sales of shares of subsidiaries and associates	—	9
Decrease (increase) in notes and accounts receivable—trade	(967)	401
Increase (decrease) in operating debt	(1,753)	(2,685)
Increase (decrease) in accrued consumption taxes	1,922	(3,570)
Other	(319)	(1,128)
Subtotal	1,697	(3,838)
Interest and dividends income received	41	46
Interest expenses paid	(99)	(68)
Proceeds from subsidy	39	29
Income taxes paid	(897)	(1,088)
Net cash provided by (used in) operating activities	781	(4,919)

	H1 FY2014	H1 FY2015
Cash flows from investment activities		
Purchase of property, plant and equipment	(820)	(576)
Proceeds from sales of property, plant and equipment	3	859
Purchase of intangible assets	(890)	(692)
Proceeds from sales of intangible assets	—	9
Purchase of investment securities	(152)	(482)
Proceeds from purchase of investments in subsidiaries resulting in change in scope of consolidation	—	(51)
Payments of loans receivable	(26)	(52)
Payments for lease and guarantee deposits	(158)	(202)
Proceeds from collection of lease and guarantee deposits	177	302
Payments for transfer of business	—	(60)
Other	68	448
Net cash used in investment activities	(1,800)	(497)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(394)	38
Proceeds from long-term loans payable	—	3,000
Repayment of long-term loans payable	(2,232)	(2,293)
Redemption of bonds	(26)	(26)
Proceeds from share issuance to non-controlling shareholders	—	163
Purchase of treasury stock	(64)	(499)
Proceeds from sales of treasury shares	—	499
Purchase of treasury stock of subsidiaries in consolidation	—	(831)
Cash dividends paid	(373)	(440)
Dividends paid to non-controlling interests	(419)	(521)
Other	(373)	(361)
Net cash used in financing activities	(3,884)	(1,273)
Effect of exchange rate change on cash and cash equivalents	87	(63)
Net increase (decrease) in cash and cash equivalents	(4,815)	(6,754)
Cash and cash equivalents at the beginning of the period	18,021	20,298
Increase in cash and cash equivalents resulting from change of scope of consolidation	112	20
Cash and cash equivalents at the end of the period	13,317	13,565

(5) Notes to Going Concern Assumption

Not applicable

(6) Segment Information

H1 FY2014

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

(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)	Career Solutions (Placement/ Recruiting, Outplacement)	Outsourcing					
Net sales								
(1) Sales to outside customers	94,567	6,787	9,804	111,158	2,647	113,805	—	113,805
(2) Intersegment sales and transfers	422	12	131	566	398	964	(964)	—
Total	94,990	6,799	9,935	111,724	3,045	114,770	(964)	113,805
Operating income (loss)	1,355	714	1,188	3,258	(34)	3,224	(2,028)	1,195

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/Education & Training/Others and Global Sourcing (Overseas).
2. The “Others” segment is not included in reporting segments, and includes Life Solutions, Public Solutions, and Shared operations.
3. Adjustment is as follows: Operating income of ¥(2,028) million includes the elimination of intersegment transactions of ¥37 million and corporate expenses of ¥2,066 million. Corporate expenses, primarily consist of Group management costs relating to the Company, are not allocated to reporting segments.
4. Segment income is adjusted with operating income under consolidated statements of income.

H1 FY2015

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

(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)	Career Solutions (Placement/ Recruiting, Outplacement)	Outsourcing					
Net sales								
(1) Sales to outside Customers	105,272	8,252	11,774	125,298	2,303	127,602	—	127,602
(2) Intersegment sales and transfers	546	15	178	740	430	1,171	(1,171)	—
Total	105,818	8,267	11,952	126,038	2,734	128,773	(1,171)	127,602
Operating income (loss)	755	1,628	1,481	3,866	(356)	3,509	(2,437)	1,072

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/Education & Training/Others and Global Sourcing (Overseas).
2. The “Others” segment is not included in reporting segments, and includes Life Solutions as well as Public Solutions.
3. Adjustment is as follows: Operating income of ¥(2,437) million includes the elimination of intersegment transactions of ¥(4) million and corporate expenses of ¥2,432 million. Corporate expenses, primarily consist of Group management costs relating to the Company, are not allocated to reporting segments.
4. Segment income is adjusted with operating income under consolidated statements of income.

ii) Information concerning changes to reporting segments, etc.

Effective from Q1 FY2015, “Place & Search”, previously included in the “Expert Services (Temporary staffing), Insourcing (Contracting), Others”, was integrated into “Career Solutions (Placement/ Recruiting, Outplacement)” segment. In line with this change, the classification of the reporting segments has been revised.

The Pasona Group, which conducts Placement/Recruiting and Outplacement in an integrated manner for the purpose of making decisions regarding the allocation of managerial resources, has concluded that it would be more reasonable to report both Placement/Recruiting and Outplacement under one reporting segment especially in light of the similarity of the services that fall under the two.

Segment information for H1 FY2014 is prepared based on the new reporting segments.

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

Not applicable

(8) Important Subsequent Events

Not applicable