PASONA

April 8, 2011

CONSOLIDATED FINANCIAL REPORT (Japanese GAAP)

FY2010 (June 1, 2010 to May 31, 2011)

Nine Months Ended February 28, 2011

Listing stock exchange: The First Section of the Tokyo Stock Exchange
Securities code number: 2168
URL: http://www.pasonagroup.co.jp/
Representative: Yasuyuki Nambu, Group CEO and President
For further information contact: Yuko Nakase, Managing Director and CFO
Tel. +81-3-6734-0200
Scheduled filing date of quarterly report: April 14, 2011
Scheduled payment date of cash dividends: —
Supplemental materials prepared for quarterly financial results: Yes
Holding of quarterly financial results meeting: None

(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 Loss	
		%		%		%		%
Nine months ended February 28, 2011	132,664	(2.5)	1,286	(41.4)	1,330	(44.6)	(334)	—
Nine months ended February 28, 2010	136,047	(19.3)	2,194	1.3	2,402	3.0	(1,404)	—

	Net Loss per Share	Diluted Net Income per Share
	Yen	Yen
Nine months ended February 28, 2011	(893.73)	—
Nine months ended February 28, 2010	(3,914.74)	—

(2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio (%)	Net Assets per Share (Yen)
February 28, 2011	57,681	24,865	35.5	54,714.04
May 31, 2010	52,269	24,979	39.6	55,243.50

(Reference) Equity as of February 28, 2011: ¥20,490 million As of May 31, 2010: ¥20,688 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
FY2009	—	0.00	—	500.00	500.00
FY2010	—	0.00	—		
FY2010 (Forecast)				1,000.00	1,000.00

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

3. FORECAST OF RESULTS FOR THE FISCAL YEAR ENDING MAY 31, 2011

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	186,000	1.4	2,800	(23.5)	2,900	(28.3)	500	144.0	1,335.11

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

Taking into consideration evaluations of the impact of the Great East Japan Earthquake that occurred on March 11, 2011, the Company will provide details of any revision to existing forecasts should the need arise in a timely manner.

4. OTHERS

Please refer to “2. Others” on page 9 for details.

(1) Changes in important subsidiaries during the current period : None
(Changes in specified subsidiaries during the current period that caused changes in the scope of consolidation)

(2) Application of the simplified accounting method and special accounting practices: None
(Application of the simplified accounting method and special accounting practices in the preparation of quarterly consolidated financial statements)

(3) Changes in accounting principles, procedures and disclosure methods

1) Changes in line with revisions to accounting and other standards: Yes
2) Changes in items other than 1) above: None
(Recorded under “Changes in Important Items Considered Fundamental to the Preparation of Quarterly Consolidated Financial Statements”)

(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, 2011: 416,903 shares May 31, 2010: 416,903 shares

2) The number of treasury stock as of the period-end
February 28, 2011: 42,401 shares May 31, 2010: 42,401 shares

3) Average number of shares for the period (Quarterly cumulative period)
Nine months ended February 28, 2011: 374,502 shares
Nine months ended February 28, 2010: 358,650 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 8 with regard to the assumptions and other related matters concerning consolidated financial results forecasts for the fiscal year ending May 31, 2011.

Consolidated Financial Report

FY2010 Nine Months Ended February 28, 2011

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1. Qualitative Information Concerning Quarterly Consolidated Business Results

(1) Qualitative Information Concerning Consolidated Business Results

During the nine-month period from June 1, 2010 to February 28, 2011 of the fiscal year ending May 31, 2011, the Japanese economy shifted toward a recovery. Corporate sector earnings experienced a modest positive turnaround supported by growth in such emerging countries as China. While the effective ratio of job offers to applicants continued to improve as a result of the upswing in hiring for employees with the skills to achieve immediate results, employment conditions were characterized by persistent high rates of unemployment.

Against the backdrop of this operating environment, the Pasona Group's Global Sourcing (Overseas) business performed steadily buoyed by growing demand for global human resources reflecting the accelerated pace at which Japan's corporate sector is shifting operations overseas. Turning to the domestic Place & Search (Placement / Recruiting) business, activities entered a positive turnaround phase on the back of an upswing in job offers for employees capable of delivering immediate results mainly in the sales and marketing as well as the engineering fields at certain companies with signs of a recovery in results. In the Expert Services (Temporary staffing) business, new orders steadily increased. At the same time, efforts to regulate temporary staffing job types led to an upswing in direct employment and downward adjustments in demand. Taking each of the aforementioned into consideration, the number of long-term temporary staff remained stagnant. Attracting wide acclaim for its commissioned services performance as well as management structure and systems, the Pasona Group benefited from increased orders from government offices, local government authorities and other administrative offices in its Insourcing (Contracting) business. On this basis, results in this segment were firm. In the corresponding period of the previous fiscal year, the Pasona Group experienced a substantial increase in demand in its Outplacement business. In contrast, new orders in this segment continued to decline following a round of restructuring by the corporate sector.

Accounting for each of the aforementioned, consolidated sales for the first nine months of the fiscal year ending May 31, 2011 amounted to ¥132,664 million, a 2.5% decrease compared with the corresponding period of the previous fiscal year.

From a profit perspective, gross profit margins in the Outplacement segment declined. While this was partly offset by growth in the Global Sourcing segment, gross profit in overall terms contracted 8.2% compared with the corresponding period of the previous fiscal year to ¥24,555 million.

Selling, general and administrative expenses decreased ¥1,288 million, or 5.2%, year on year to ¥23,268 million. This was largely attributable to ongoing efforts to raise business efficiency and reduce costs. Despite these endeavors, however, consolidated operating income fell 41.4% compared with the corresponding period of the previous fiscal year to ¥1,286 million and consolidated ordinary income dropped 44.6% year on year to ¥1,330 million.

The Company incurred an extraordinary loss on adjustment for changes of accounting standard for asset retirement obligations of ¥480 million during the first quarter of the fiscal year ending May 31, 2011. Accounting for the aforementioned, Pasona Group reported a consolidated net loss for the period under review of ¥334 million. This was compared with the consolidated net loss of ¥1,404 million recorded for the corresponding period of fiscal 2009. Despite this result, the net loss improved on a comparative basis with the previous period due largely to the considerably smaller impact of tax-effect accounting.

Consolidated Business Results

(Millions of yen)

	Nine months ended February 28, 2011	Nine months ended February 28, 2010	YoY
Net sales	132,664	136,047	(2.5)%
Operating income	1,286	2,194	(41.4)%
Ordinary income	1,330	2,402	(44.6)%
Net loss	(334)	(1,404)	—

Segment Information (Figures include intersegment sales)

In conjunction with the implementation of the Accounting Standard on Disclosure of Segment Information, and moves to introduce and adopt the "Management Approach," the Company reclassified its business segments effective from the fiscal year ending May 31, 2011. Therefore, percentage increases and decreases compared with the corresponding period of the fiscal year ended May 31, 2010 have not been provided.

HR Solutions

Expert Services (Temporary staffing)**, Insourcing** (Contracting)**, Others**

Net Sales: ¥113,644 million; **Operating income:** ¥1,150 million

Expert Services (Temporary staffing)**, Insourcing** (Contracting)**, HR Consulting**

Net Sales: ¥110,937 million

In the Company's Expert Services business, which mainly encompasses general office work, new orders increased across most sectors including the manufacturing and IT industries. Taking into account efforts to regulate temporary staffing job types, however, which led to an ongoing trend toward direct employment and cutbacks in temporary staffing demand, the number of long-term temporary staff remained stagnant. By job type, the Company was successful in promoting fostering-type temporary staffing in medical administrative fields and bolstering activities in such specialized areas as insurance and finance through effective M&A. As a result, Pasona Group reported steady results in technical fields. In addition, sales totaled ¥98,200 million, which reflected indications of a recovery also in sales and marketing positions.

In the Company's priority Insourcing business, results benefited from the positive flow-on effects of the corporate sector's efforts to raise business efficiency, as orders increased for reception, administrative and call center operations. Buoyed also by steady trends in government offices, local government authorities and other public sector-related activities, sales in the Insourcing business climbed to ¥11,205 million.

For the first nine months of the fiscal year ending May 31, 2011, collective sales in the Expert Services, Insourcing, HR Consulting business amounted to ¥110,937 million.

Place & Search (Placement / Recruiting) **Net Sales:** ¥1,236 million

On the domestic front, job offers increased focusing mainly on employees with the skills to make an immediate impact mainly in the sales and marketing as well as engineering fields. As a result, sales in this segment entered a recovery trajectory amounting to ¥1,236 million.

Note: Placement and recruiting sales outside of Japan are included in the Global Sourcing (Overseas) segment.

Global Sourcing (Overseas) **Net Sales:** ¥1,471 million

As Japanese companies continue to actively shift their operations overseas, job offers for personnel who are capable of excelling on the world stage have expanded. This trend has been most pronounced in such Asian countries as China and Taiwan. Moreover, orders for temporary staffing and outsourcing services such as payroll outsourcing as well as peripheral overseas human resource fields have grown.

With respect to the aforementioned segment's earnings, operating income improved significantly to ¥1,150 million mainly due to increased contributions from Insourcing and Global Sourcing.

Outplacement

Net Sales: ¥7,390 million; **Operating income:** ¥707 million

Reflecting the shift by Japanese companies of their operations overseas, outplacement demand contributed to a steady increase in market share. This demand, however, failed to reach the substantial expansion in demand witnessed during the previous fiscal year. As a result, the overall trend in new orders continued to decline. Furthermore, in placing priority on a quick and definitive turnaround in the placement of job seekers registered from the previous period and maintaining the number of consultants, costs ballooned. Accounting for each of the aforementioned, sales in this segment amounted to ¥7,390 million while operating income totaled ¥707 million.

Outsourcing

Net Sales: ¥10,751 million; **Operating income:** ¥1,413 million

Benefit One Inc., a Pasona Group subsidiary company engaged in the provision of employee fringe benefit outsourcing services, continues to promote customers' solution-oriented marketing to its corporate member customers including major companies as well as government and other public offices, while placing considerable weight on increasing and proposing employee benefit services that help to realize work-life balance. As a result, sales in this segment amounted to ¥10,751 million while operating income came to ¥1,413 million.

Life Solutions, Public Solutions, Shared

Net Sales: ¥2,643 million; **Operating income:** ¥104 million

In child-care-related activities in the Life Solutions business, the Pasona Group increased its childminder temporary staffing and childcare service commissioning activities. Supported by these endeavors, results in this segment were firm.

Consolidated Business Results by Segment for the Nine Months Ended February 28, 2011

(Millions of yen)

<table>
<tr><th></th><th>Net sales</th><th>Operating income</th></tr>
<tr><td>HR Solutions</td><td>131,786</td><td>3,271</td></tr>
<tr><td>Expert Services (Temporary staffing),
Insourcing (Contracting), Others</td><td>113,644</td><td>1,150</td></tr>
<tr><td>Expert Services (Temporary staffing)
Insourcing (Contracting)
HR Consulting</td><td>110,937</td><td rowspan="3">1,150</td></tr>
<tr><td>Place & Search (Placement / Recruiting)</td><td>1,236</td></tr>
<tr><td>Global Sourcing (Overseas)</td><td>1,471</td></tr>
<tr><td>Outplacement</td><td>7,390</td><td>707</td></tr>
<tr><td>Outsourcing</td><td>10,751</td><td>1,413</td></tr>
<tr><td>Life Solutions
Public Solutions
Shared</td><td>2,643</td><td>104</td></tr>
<tr><td>Eliminations and Corporate</td><td>(1,766)</td><td>(2,088)</td></tr>
<tr><td>Total</td><td>132,664</td><td>1,286</td></tr>
</table>

Note: Percentage increases and decreases compared with the corresponding period of the fiscal year ended May 31, 2010 have not been provided due to the reclassification of business segments.

(Reference)

Consolidated Business Results by Former Segment for the Nine Months Ended February 28, 2010

(Millions of yen)

		Net sales	Operating income (loss)
Temporary staffing / Contracting, Placement / Recruiting		116,796	492
	Temporary staffing / Contracting	114,772	
	Placement / Recruiting	2,023	
Outplacement		8,253	2,541
Outsourcing		10,214	1,488
Other		3,296	(78)
Eliminations and Corporate		(2,513)	(2,248)
Total		136,047	2,194

(2) Qualitative Information Concerning Consolidated Financial Position

Status of Assets, Liabilities and Net Assets

1) Assets

Total assets as of February 28, 2011 stood at ¥57,681 million, an increase of ¥5,412 million, or 10.4%, compared with the end of the previous fiscal year. This was mainly attributable to certain factors including an increase of ¥7,142 million in the balance of cash and deposits.

2) Liabilities

Total liabilities as of February 28, 2011 increased ¥5,526 million, or 20.3%, compared with May 31, 2010 totaling ¥32,816 million. The principal increases in total liabilities were accrued expenses of ¥2,756 million due mainly to the change in salary payments to temporary staff from twice to once a month, short-term loans payable of ¥953 million and long-term loans payable of ¥3,933 million.

3) Net Assets

Net assets as of February 28, 2011 stood at ¥24,865 million, a decline of ¥114 million, or 0.5%, compared with the end of the previous fiscal year. This was mainly attributable to the net loss of ¥334 million.

Accounting for the aforementioned, the equity ratio as of February 28, 2011 decreased 4.1 percentage points to 35.5% compared with the end of the previous fiscal year.

Status of Cash Flows

Cash and cash equivalents (hereafter “net cash”) as of February 28, 2011 increased ¥7,343 million compared with the end of the previous fiscal year to ¥19,667 million.

1) Cash Flows from Operating Activities

Net cash provided by operating activities for the nine months ended February 28, 2011 amounted to ¥3,824 million (net cash provided by operating activities for the corresponding period of the previous fiscal year was ¥766 million). This is mainly attributable to income before income taxes of ¥900 million (¥2,256 million for the corresponding period of the previous fiscal year), depreciation and amortization of ¥1,623 million (¥1,326 million for the corresponding period of the previous fiscal year), increase in operating debt of ¥2,260 million due mainly to the change in salary payments to temporary staff from twice to once a month (decrease in operating debt for the corresponding period of the previous fiscal year was ¥2,490 million), as well as income taxes paid of ¥1,000 million (¥1,022 million for the corresponding period of the previous fiscal year).

2) Cash Flows from Investing Activities
Net cash used in investing activities for the period under review was ¥581 million (net cash used in investing activities for the corresponding period of the previous fiscal year was ¥128 million). The major components included purchase of investment securities of ¥779 million.

3) Cash Flows from Financing Activities
Net cash provided by financing activities was ¥4,152 million (net cash used in financing activities for the corresponding period of the previous fiscal year was ¥4,056 million). Major cash inflow was proceeds from long-term loans payable of ¥5,958 million (¥2,900 million for the corresponding period of the previous fiscal year). Principal cash outflow was repayment of long-term loans payable totaling ¥1,024 million (¥72 million for the corresponding period of the previous fiscal year).

(3) Qualitative Information Concerning Consolidated Forecasts

While results for the nine-month period ended February 28, 2011 were essentially in line with plans, the Great East Japan Earthquake that occurred during the fourth quarter is in no small measure expected to impact consolidated business results for the full fiscal year ending May 31, 2011.

There was no major damage to the branches and facilities of the Pasona Group as a result of the disaster. The Group will recommence full-scale operations while taking into consideration the status of infrastructure restoration. Looking toward the future, the demand for personnel is extremely difficult to forecast. In addition to the devastation caused by the earthquake, conditions are clouded with uncertainty due to a variety of factors including the shortage of electricity and other essentials, the anticipated deterioration in consumer sentiment as well as trends in the yen and foreign exchange markets. Taking into consideration these factors and an ongoing evaluation of potential impacts, the Pasona Group will provide details of any revision to existing forecasts should the need arise in a timely manner. As of the date of this report, Pasona Group has made no changes to the forecasts of consolidated business results for the full fiscal year ending May 31, 2011 previously disclosed on July 20, 2010.

2. Others

(1) Changes in Significant Subsidiaries (specified subsidiaries that caused changes in the scope of consolidation)

Not applicable

(2) Simplified Accounting Method and Special Accounting Practices

Not applicable

(3) Changes in Accounting Principles, Procedures and Disclosure Methods

1) Application of the Accounting Standard for Equity Method of Accounting for Investments and the Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method

Effective from the first quarter of the current fiscal year, the Accounting Standard for Equity Method of Accounting for Investments (Accounting Standards Board of Japan [ASBJ] Statement No. 16, issued on March 10, 2008) and the Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method (ASBJ Practical Issues Task Force [PITF] No. 24, issued on March 10, 2008) have been applied. As a result of this application, the Company made all necessary adjustments to its quarterly consolidated financial statements. Accordingly, each of ordinary income and income before income taxes decreased by ¥6 million for the nine months ended February 28, 2011.

2) Application of the Accounting Standard for Asset Retirement Obligations

Effective from the first quarter of the current fiscal year, the Accounting Standard for Asset Retirement Obligations (ASBJ Statement No. 18, issued on March 31, 2008) and the Guidance on Accounting Standard for Asset Retirement Obligations (ASBJ Guidance No. 21, issued on March 31, 2008) have been applied. As a result, each of operating income and ordinary income for the nine months ended February 28, 2011 decreased by ¥57 million. In addition, income before income taxes decreased by ¥537 million. The amount of change in asset retirement obligations incurred due to the initial application of the accounting standard for the period was ¥753 million.

3) Application of the Accounting Standard for Business Combinations

Effective from the first quarter of the current fiscal year, the Accounting Standard for Business Combinations (ASBJ Statement No. 21, issued on December 26, 2008), the Accounting Standard for Consolidated Financial Statements (ASBJ Statement No. 22, issued on December 26, 2008), Partial Amendments to Accounting Standard for Research and Development Costs (ASBJ Statement No. 23, issued on December 26, 2008), Revised Accounting Standard for Business Divestitures (ASBJ Statement No. 7, issued on December 26, 2008), the Revised Accounting Standard for Equity Method of Accounting for Investments (ASBJ Statement No. 16, revised on December 26, 2008), and the Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures (ASBJ Guidance No. 10, issued on December 26, 2008) have been applied.

3. Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of February 28, 2011	As of May 31, 2010
ASSETS		
Current assets		
Cash and deposits	19,771	12,629
Notes and accounts receivable－trade	17,651	17,900
Other	3,180	4,522
Allowance for doubtful accounts	(55)	(65)
Total current assets	40,548	34,986
Noncurrent assets		
Property, plant and equipment	6,683	6,972
Intangible assets		
Goodwill	572	798
Other	2,632	3,051
Total intangible assets	3,204	3,850
Investments and other assets		
Other	7,596	6,810
Allowance for doubtful accounts	(14)	(13)
Allowance for investment loss	(337)	(337)
Total investments and other assets	7,244	6,460
Total noncurrent assets	17,133	17,282
Total assets	57,681	52,269

(Millions of yen)

	As of February 28, 2011	As of May 31, 2010
LIABILITIES		
Current liabilities		
Accounts payable－trade	1,023	1,523
Short-term loans payable	1,611	657
Current portion of bonds	36	36
Accrued expenses	10,708	7,952
Income taxes payable	299	862
Provision for bonuses	838	1,615
Provision for directors' bonuses	5	4
Asset retirement obligations	21	—
Other	7,486	8,773
Total current liabilities	22,029	21,426
Noncurrent liabilities		
Bonds payable	110	128
Long-term loans payable	6,082	2,149
Provision for retirement benefits	983	1,065
Asset retirement obligations	695	—
Other	2,915	2,520
Total noncurrent liabilities	10,787	5,863
Total liabilities	32,816	27,289
NET ASSETS		
Shareholders' equity		
Capital stock	5,000	5,000
Capital surplus	6,054	6,054
Retained earnings	12,678	13,200
Treasury stock	(3,493)	(3,493)
Total shareholders' equity	20,239	20,761
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	381	8
Foreign currency translation adjustment	(129)	(81)
Total valuation and translation adjustments	251	(72)
Minority interests	4,374	4,290
Total net assets	24,865	24,979
Total liabilities and net assets	57,681	52,269

(2) Quarterly Consolidated Statements of Income

(Millions of yen)

	Nine months ended February 28, 2010	Nine months ended February 28, 2011
Net sales	136,047	132,664
Cost of sales	109,295	108,108
Gross profit	26,751	24,555
Selling, general and administrative expenses	24,557	23,268
Operating income	2,194	1,286
Non-operating income		
Interest income	11	10
Equity in earnings of affiliates	75	25
Subsidy	—	99
Compensation income	160	—
Other	92	138
Total non-operating income	338	274
Non-operating expenses		
Interest expenses	40	132
Commitment fee	38	44
Other	52	53
Total non-operating expenses	131	230
Ordinary income	2,402	1,330
Extraordinary income		
Gain on sales of noncurrent assets	1	—
Gain on sales of investment securities	—	1
Gain on sales of subsidiaries and affiliates' stocks	0	11
Gain on change in equity	—	3
Reversal of allowance for doubtful accounts	13	0
Gain on negative goodwill	—	38
Reversal of provision for directors' retirement benefits	150	—
Reversal of loss on liquidation of subsidiaries and affiliates	18	—
Other reversal of provision	—	26
Total extraordinary income	183	83
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	176	23
Loss on sales of investment securities	—	8
Loss on valuation of investment securities	0	0
Loss on change in equity	9	—
Head office transfer cost	143	—
Loss on adjustment for changes of accounting standard for asset retirement obligations	—	480
Total extraordinary loss	329	513
Income before income taxes	2,256	900
Income taxes—current	1,407	786
Income taxes—deferred	1,579	(0)
Income taxes	2,987	786
Income before minority interests	—	114
Minority interests in income	673	449
Net loss	(1,404)	(334)

(3) Quarterly Consolidated Statements of Cash Flows

(Millions of yen)

	Nine months ended February 28, 2010	Nine months ended February 28, 2011
Cash flows from operating activities		
Income before income taxes	2,256	900
Depreciation and amortization	1,326	1,623
Loss on adjustment for changes of accounting standard for asset retirement obligations	―	480
Amortization of goodwill	229	245
Gain on negative goodwill	―	(38)
Increase (decrease) in allowance for doubtful accounts	(24)	(9)
Increase (decrease) in provision for bonuses	(983)	(776)
Increase (decrease) in provision for directors' bonuses	(4)	0
Increase (decrease) in provision for retirement benefits	54	(80)
Increase (decrease) in provision for directors' retirement benefits	(261)	―
Interest and dividends income	(15)	(19)
Interest expenses	40	132
Subsidy income	(27)	(99)
Equity in (earnings) losses of affiliates	(75)	(25)
Loss (gain) on change in equity	9	(3)
Loss (gain) on sales and retirement of noncurrent assets	174	23
Loss (gain) on sales of investment securities	―	6
Loss (gain) on valuation of investment securities	0	0
Loss (gain) on sales of stocks of subsidiaries and affiliates	(0)	(11)
Decrease (increase) in notes and accounts receivable―trade	2,043	235
Increase (decrease) in operating debt	(2,490)	2,260
Other	(537)	(112)
Subtotal	1,712	4,733
Interest and dividends income received	16	22
Interest expenses paid	(74)	(135)
Proceeds from subsidy	135	204
Income taxes paid	(1,022)	(1,000)
Net cash provided by operating activities	766	3,824

(Millions of yen)

	Nine months ended February 28, 2010	Nine months ended February 28, 2011
Cash flows from investment activities		
Purchase of property, plant and equipment	(318)	(199)
Proceeds from sales of property, plant and equipment	1	13
Purchase of intangible assets	(341)	(390)
Purchase of investment securities	—	(779)
Proceeds from sales of investment securities	—	325
Purchase of investments in subsidiaries	(1,018)	(43)
Payments for lease and guarantee deposits	(143)	(96)
Proceeds from collection of lease and guarantee deposits	1,684	291
Other	6	296
Net cash used in investment activities	(128)	(581)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(6,300)	(42)
Proceeds from long-term loans payable	2,900	5,958
Repayment of long-term loans payable	(72)	(1,024)
Redemption of bonds	(18)	(18)
Proceeds from stock issuance to minority shareholders	17	—
Cash dividends paid	(233)	(186)
Cash dividends paid to minority shareholders	(284)	(277)
Other	(66)	(257)
Net cash provided by (used in) financing activities	(4,056)	4,152
Effect of exchange rate change on cash and cash equivalents	(18)	(52)
Net increase (decrease) in cash and cash equivalents	(3,436)	7,343
Cash and cash equivalents at the beginning of the period	14,120	12,324
Cash and cash equivalents at the end of the period	10,683	19,667

(4) Notes to Going Concern Assumption

Not applicable

(5) Segment Information

Business Results by segment

(Nine months ended February 28, 2010)

(Millions of yen)

	Temporary staffing / Contracting, Placement / Recruiting	Outplacement	Outsourcing	Others	Total	Eliminations and Corporate	Consolidated
Net sales							
(1) Sales to outside customers	116,419	8,250	10,016	1,360	136,047	—	136,047
(2) Intersegment sales and transfers	376	2	197	1,936	2,513	(2,513)	—
Total	116,796	8,253	10,214	3,296	138,560	(2,513)	136,047
Operating income (loss)	492	2,541	1,488	(78)	4,443	(2,248)	2,194

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
Others	Group shared services, child-care operation services, other

3. Additional information

   (Accounting method for subsidy income)

   Effective from the first quarter of the fiscal year ended May 31, 2010, the Pasona Group changed its accounting method for subsidy income relating to development support and training directed toward the agriculture, forestry and fisheries sectors. Under the newly adopted method, subsidy income is no longer posted as non-operating and it is offset against SG&A expenses. As a result, the operating income recorded under Eliminations and Corporate for the nine months ended February 28, 2010 increased ¥80 million compared with the previous implemented method.

Information on Geographic Areas

(Nine months ended February 28, 2010)

Since the percentage of total segment sales in Japan exceeds 90%, information on geographic areas is omitted from this report.

Overseas Sales

(Nine months ended February 28, 2010)

Since the percentage of overseas sales to total consolidated sales is less than 10%, information relating to overseas sales is omitted from this report.

(Additional information)

Effective from the first quarter ended August 31, 2010, Pasona Group applied the Accounting Standard for Disclosures about Segments of an Enterprise and Related Information (ASBJ Statement No. 17, issued on March 27, 2009) and the Guidance on the Accounting Standard for Disclosures about Segments of an Enterprise and Related Information (ASBJ Guidance No. 20, issued on March 21, 2008).

1. Overview of reportable segments

The business segments reported by Pasona Group are the business units for which the Company is able to obtain respective financial information separately in order for the Board of Directors to conduct periodic investigations to determine the distribution of management resources and evaluate their business results. The Pasona Group's principal business activities are human resource-related support services as typified by temporary staffing, contracting, placement and recruiting, outplacement as well as employee fringe benefit outsourcing services. Accordingly, the Company has designated "Expert Services (Temporary staffing), Insourcing (Contracting), Others", "Outplacement" and "Outsourcing" as its reporting segments. Pasona Group, a holding company, pursues the formulation of strategies for Group management and support operation execution, governance of management and the proper allocation of management resources, as well as developing new businesses related to job creation.

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

(Nine months ended February 28, 2011)

(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	112,990	7,390	10,585	130,966	1,153	132,120	544	132,664
(2) Intersegment sales and transfers	654	—	166	820	1,489	2,310	(2,310)	—
Total	113,644	7,390	10,751	131,786	2,643	134,430	(1,766)	132,664
Operating income	1,150	707	1,413	3,271	104	3,375	(2,088)	1,286

Notes:

1. The "Expert Services (Temporary staffing), Insourcing (Contracting), Others" segment includes each of the businesses of Expert Services, Insourcing, HR Consulting, Place & Search as well as Global Sourcing.
2. The "Others" segment incorporates operations not included in reporting segments, including Life Solutions, Public Solutions, Shared.
3. Adjustment is as follows: Included within the operating loss of ¥2,088 million is the elimination of intersegment transactions of ¥10 million, corporate earnings of ¥545 million and corporate expenses of ¥2,644 million. Corporate earnings and expenses are not allocated to reporting segments. Corporate earnings are mainly comprised of sales relating to operations commissioned from government and other public offices. 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.

3. Information regarding impairment loss on noncurrent assets and goodwill by reporting segment

Not applicable

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

Not applicable

(7) Important Subsequent Events

Impact of the Great East Japan Earthquake

As a result of the Great East Japan Earthquake that occurred on March 11, 2011, there was no major damage to the branches and facilities of the Pasona Group. The Group will recommence full-scale operations while taking into consideration the status of infrastructure restoration. The Company is currently assessing the impact of the earthquake upon its business performance.