PASONA

October 8, 2009

CONSOLIDATED FINANCIAL REPORT

FIRST QUARTER OF THE FISCAL YEAR ENDING MAY 31, 2010 (THE THREE-MONTH PERIOD ENDED AUGUST 31, 2009)

Stock exchanges on which shares are listed: The First Section of the Tokyo Stock Exchange
Securities code number: 2168
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Scheduled filing date of the first quarter consolidated financial report: October 15, 2009

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

1. CONSOLIDATED BUSINESS RESULTS

(1) Consolidated Financial Results Three months ended August 31, 2009

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

	Net Sales		Operating Income (Loss)		Ordinary Income (Loss)		Net Income (Loss)	
		%		%		%		%
FY2010 First Quarter	47,161	(20.2)	(134)	—	(119)	—	(1,102)	—
FY2009 First Quarter	59,136	—	860	—	909	—	313	—

	Net Income (Loss) per Share	Diluted Net Income per Share
	Yen	Yen
FY2010 First Quarter	(3,074.63)	—
FY2009 First Quarter	771.06	765.97

(2) Changes in Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio (%)	Net Assets per Share (Yen)
August 31, 2009	46,616	23,110	39.3	51,045.75
May 31, 2009	55,468	25,148	35.4	54,751.17

(Reference) Equity as of August 31, 2009: ¥18,307 million As of May 31, 2009: ¥19,636 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	—	600.00	—	650.00	1,250.00
FY2010 (Forecast)	—	600.00	—	650.00	1,250.00

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

3. FORECAST OF RESULTS FOR THE FISCAL YEAR ENDING MAY 31, 2010

June 1, 2009 to May 31, 2010

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
Six months ending November 30, 2009	104,880	(9.7)	690	(56.8)	670	(62.9)	20	(90.2)	55.76
Full Fiscal Year	224,390	2.6	3,540	24.2	3,690	9.8	1,010	223.1	2,816.12

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

4. OTHERS

(1) Changes in Important Subsidiaries during the Period (Changes in Special Subsidiaries due to Changes in the Scope of Consolidation and Application of the Equity Method): None

(2) Application of the Simplified Accounting Method and Special Accounting Practices in the Preparation of Quarterly Consolidated Financial Statements: None

(3) Changes in Accounting Principles, Procedures, Disclosure Methods and Related Standards in Connection with the Preparation of Quarterly Consolidated Financial Statements (Recorded under "Changes in Important Items Considered Fundamental to the Preparation of Quarterly Consolidated Financial Statements")

1. Changes in line with revisions to accounting and other standards: None
2. Changes in items other than 1. above: 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)
   August 31, 2009: 416,903 shares May 31, 2009: 416,903 shares

2. The number of treasury stock as of the period-end
   August 31, 2009: 58,253 shares May 31, 2009: 58,253 shares

3. Average number of shares for the period (Cumulative total for the first three-month consolidated period)
   FY2010 First Quarter: 358,650 shares
   FY2009 First Quarter: 406,914 shares

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 due to a variety of factors. With regard to the assumptions and other related matters concerning consolidated financial results forecasts for the fiscal year ending May 31, 2010, please refer to "Qualitative Information and Other Matters Concerning Consolidated Forecasts" on page 8.

Qualitative Information / Financial Statements and Other

1. Qualitative Information Concerning Consolidated Business Results

Business Results for the First Quarter of the Fiscal Year Ending May 31, 2010

In the first quarter of the fiscal year ending May 31, 2010, the three-month period from June 1, 2009 to August 31, 2009, the Japanese economy exhibited signs of a modest recovery from the global financial crisis-induced economic recession. This was particularly the case with the pickup in both export and production activities. Despite indications of this positive upswing in overall operating conditions, however, the domestic economy remains characterized by its downside risks.

From an employment perspective, the unemployment rate hit a record high during the three-month period under review. At the same time, the effective ratio of job offers to applicants fell to an unprecedented low level. As the employment environment continues to deteriorate, there are concerns that a considerable amount of time will need to elapse before conditions improve.

Despite the aforementioned operating environment, indications began to emerge that the drop in the Pasona Group's new temporary staffing orders received had bottomed out during the three-month period ended August 31, 2009. While providing some respite from the previous downward spiral, overall levels of temporary staffing orders received are yet to show signs of a concrete pickup. In the Placement and Recruiting business, the Pasona Group confronted similar difficult conditions with results impacted by persistent weak demand. On a positive note, additional employment corrections by the corporate sector triggered a substantial upswing in demand in the Outplacement business. As companies throughout the corporate sector overhauled their operating structures and systems, the mainstay "Insourcing (contracting)" field also enjoyed continued growth. Taking into account the aforementioned business trends, consolidated net sales for the first quarter of the fiscal year ending May 31, 2010 declined 20.2% compared with the corresponding period of the previous fiscal year to ¥47,161 million

On the earnings front, the drop in revenues in the Temporary staffing as well as Placement and Recruiting businesses had a significant impact on profits. This was exacerbated by the substantial effects of a greater than expected increase in the take up of paid holidays in the Temporary staffing business. As a result, the gross profit margin contracted 1.2 percentage points compared with the corresponding period of the previous fiscal year to 18.7%. Gross profit for the three-month period ended August 31, 2009 amounted to ¥8,834 million, a drop of 24.9% compared with the corresponding period of the previous fiscal year.

Turning to selling, general and administrative (SG&A) expenses, the Pasona Group continued with efforts aimed at reducing operating costs even further. Focusing mainly on cutbacks in recruitment, personnel and related expenses, SG&A expenses fell ¥1,933 million, or 17.7%, compared with the corresponding period of the previous fiscal year to ¥8,968 million. Despite this substantial improvement, the Pasona Group was unable to fully offset the drop in gross profit. For the first quarter of the fiscal year ending May 31, 2010, the Pasona Group therefore reported a consolidated operating loss of ¥134 million. This was compared with a consolidated operating income of ¥860 million recorded in the corresponding period of the previous fiscal year. Compared with the consolidated ordinary income totaling ¥909 million for the three-month period ended August 31, 2008, the Pasona Group incurred a consolidated ordinary loss of ¥119 million in the period under review. Taking into consideration such extraordinary losses as the loss on retirement of noncurrent assets of ¥56 million attributable to the relocation of subsidiary companies in line with business office consolidation, the Pasona Group reported a loss before income taxes totaling ¥155 million compared with income before income taxes of ¥990 million in the corresponding period of the previous fiscal year.

Based on the aforementioned, the Pasona Group's results are essentially consistent with plans identified at the beginning of the period. However, after reviewing the recoverability of the deferred tax assets of certain deficit-ridden subsidiary companies, which contributed to an increase in income taxes — deferred, and accounting for an upswing in consolidated subsidiary minority interests in income, the Pasona Group recorded a net loss for the period under review of ¥1,102 million compared with net income of ¥313 million in the corresponding period of the previous fiscal year.

Looking ahead, the Pasona Group will work diligently toward securing an optimal service lineup in preparation for the projected recovery in demand. At the same time, the Group will continue to place considerable weight on efforts to curtail costs and to emphasize a swift improvement in profit

Consolidated Business Results

(Millions of yen unless otherwise stated)

	Three months ended August 31, 2009	Three months ended August 31, 2008	YoY
Net sales	47,161	59,136	(20.2)%
Operating income (loss)	(134)	860	—
Ordinary income (loss)	(119)	909	—
Net income (loss)	(1,102)	313	—

Segment Information (Figures include intrasegment sales)

(1) Temporary staffing / Contracting, Placement / Recruiting
Sales: ¥41,220 million; Operating loss: ¥154 million

(Temporary staffing / Contracting) Sales:* ¥40,396 *million

In the Temporary staffing and Contracting business in which the Pasona Group focuses largely on general office work, the drop in new orders received, particularly from the mainstay export and finance industries, continued to bottom out during the period under review. Notwithstanding these positive factors, however, the Pasona Group saw little or no respite from the downturn in temporary staff during the first quarter of the fiscal year ending May 31, 2010. Over and above this mixed operating environment, cutbacks in the amount of overtime approved by client firms placed considerable downward pressure on the Pasona Group's revenue. In contrast, successful steps were taken to attract and secure high-quality temporary staff resulting in an increase in the stable supply of human resources. Buoyed by these favorable endeavors, the Pasona Group maintained a closure rate in excess of the average for the previous fiscal year.

By job type, the negative impact of general office work (clerical) contract completions as well as contract completions in such deregulated fields as sales and marketing, became increasingly severe throughout the first quarter of the fiscal year ending May 31, 2010. Difficult conditions were exacerbated by a slow-down in temporary staffing activity in the IT engineering fields as the corporate sector continued to review its IT budget needs. Despite the merger with MITSUI BUSSAN HUMAN RESOURCES CORPORATION, the temporary staffing and human resource operating arm of the Mitsui & Co., Ltd. group, in July 2009, as well as successful efforts to expand its trading office-related business, the Pasona Group experienced a drop in revenue in technical (specialized office work) fields.

Buoyed by the positive flow-on effects of the corporate sectors efforts to improve operating efficiency, the Pasona Group's priority "Insourcing (contracting)" business experienced an increase in the number of new contracts particularly from public sector. As a result, sales in this business segment climbed steadily, up 25.0% compared with the corresponding period of the previous fiscal year to ¥2,899 million. In the future, the Pasona Group will continue to strengthen its customers' solution-oriented marketing capabilities as a part of the Group's overall efforts to further increase its business scale.

Accounting for the aforementioned factors, sales in the Temporary staffing / Contracting segment for the three-month period ended August 31, 2009 amounted to ¥40,396 million, a decrease of 22.0% compared with the corresponding period of the previous fiscal year.

In overall terms, current conditions in the temporary staffing market remain mixed. On the one hand, the projected recovery in temporary staffing demand is showing signs of a delay. At the same time, client firms are adopting a more stringent approach toward the selection and consolidation of temporary staffing companies at an increasingly rapid pace. On the other hand, the Pasona Group recognizes that the competitive advantage of major temporary staffing companies that maintain a robust compliance structure and superior human resource supply capabilities is becoming increasingly prominent. Under these circumstances, the Pasona Group will maximize the benefits of its full-line support services bringing to the market comprehensive proposals. In this manner, the Group will work tirelessly to secure steady growth in new demand and in turn to increase its market share.

(Placement / Recruiting) Sales: ¥823 million

In the domestic Placement and Recruiting business operating conditions are also uncertain. While demand in each of the executive, management and specialist personnel fields is beginning to recover, overall recruitment activities remain subdued. Taking these factors into consideration, sales in this segment declined 55.0% compared with the corresponding period of the pervious fiscal year to ¥664 million. Turning to overseas activities, results in this segment were weak. For the three-month period ended August 31, 2009, Placement and Recruiting business segment sales outside of Japan fell 52.3% year on year to ¥159 million.

On this basis, overall sales in the Placement and Recruiting business segment were ¥823 million, a substantial drop of 54.5% compared with the corresponding period of the previous fiscal year.

Turning to segment earnings, in addition to the substantial impact of the drop in revenues in each of the Temporary staffing as well as Placement and Recruiting businesses, profits were affected by the decline in gross profit margins attributable to a variety of factors including the increased take up of paid holidays in the Temporary staffing segment. As a result, gross profit in this segment contracted in the first quarter of the fiscal year ending May 31, 2010.

Despite efforts to substantially contain such SG&A expenses as recruiting and personnel costs, overall sales in the Temporary staffing / Contracting and Placement / Recruiting segment for the period under review decreased 23.1% compared with the previous fiscal year to ¥41,220 million. Operating loss totaled ¥154 million compared with an operating income of ¥1,112 million for the three-month period ended August 31, 2008.

(2) Outplacement

Sales: ¥2,280 million; Operating income: ¥616 million

Reflecting employment corrections implemented by the corporate sector throughout 2008, and additional adjustments that have subsequently emerged from the spring of 2009, the domestic employment market continues to confront persistent harsh operating conditions. Despite this negative environment, demand in the Outplacement business grew substantially compared with the corresponding period of the previous fiscal year.

Against this backdrop, the Pasona Group took steps to increase the number of consultants and to strengthen its marketing structure by relocating personnel from the Placement and Recruiting business and other sections in order to maintain service levels. As a result, sales amounted to ¥2,280 million, a significant increase of 47.5% compared with the corresponding period of the previous fiscal year. Operating income also climbed 41.9% year on year to ¥616 million. Faced with the very real prospect of difficult employment conditions, the Pasona Group is stepping up its efforts to cultivate clients in the Outplacement business. This reflects the recognition that the process leading through to a quick and definitive turnaround in the placement of employees may be delayed.

(3) Outsourcing

Sales: ¥3,432 million; Operating income: ¥165 million

In overall terms, the outsourcing market is enjoying a period of sustainable growth as major companies, government and other public offices, the Pasona Group's principal customer base, strive to efficiently deliver wide ranging benefit programs that match the values and needs of employees. Under these circumstances, Benefit One Inc., a subsidiary company, continues to promote marketing proposals to its corporate customers while providing employee benefit services that take into consideration work and lifestyle balance.

The company strengthened its service proposal structure and systems targeting both individual and corporate members by proposing a host of new services in the health care field that caters to statutory special medical checkups, and the "Customer Loyalty Program" (a goods and services supply program designed to increase the level of customer satisfaction).

Accounting for the aforementioned factors, sales amounted to ¥3,432 million for the three-month period ended August 31, 2009. This represented a decrease of 7.1% compared with the corresponding period of the previous fiscal year. Turning to profits, operating income declined 22.4% year on year to ¥165 million for the period under review.

(4) Other

Sales: ¥1,020 million; Operating loss: ¥25 million

In the Others business segment, the Pasona Group is engaged in child-care-related businesses, such educational activities as the management and operation of language classes and shared service company activities within the Group. In the fiscal year ended May 31, 2009, the Group established two subsidiaries to emphasize shared services.

As a result, sales from these activities rose 55.8% compared with the corresponding period of the previous fiscal year to ¥1,020 million. For the period under review, operating loss totaled ¥25 million compared with an operating loss of ¥31 million for the three months ended August 31, 2008.

(5) Eliminations and Corporate

Negative revenues: ¥791 million; Operating income: ¥(735) million

Intragroup transactions and Pasona Group, the Group's pure holding company, SG&A expenses are included in eliminations and corporate. Focusing largely on rent as well as personnel expenses, the Pasona Group secured substantial reductions in Group-wide costs.

Net Sales by Business Segment

(Millions of yen unless otherwise stated)

	Three months ended August 31, 2009	Three months ended August 31, 2008	YoY
Temporary staffing / Contracting, Placement / Recruiting	41,220	53,591	(23.1)%
Temporary staffing / Contracting	40,396	51,780	(22.0)%
Placement / Recruiting	823	1,810	(54.5)%
Outplacement	2,280	1,545	47.5%
Outsourcing	3,432	3,693	(7.1)%
Other	1,020	655	55.8%
Eliminations and Corporate	(791)	(349)	—
Total	47,161	59,136	(20.2)%

Operating Income (Loss) by Business Segment

(Millions of yen unless otherwise stated)

	Three months ended August 31, 2009	Three months ended August 31, 2008	YoY
Temporary staffing / Contracting, Placement / Recruiting	(154)	1,112	—
Outplacement	616	434	41.9%
Outsourcing	165	213	(22.4)%
Other	(25)	(31)	—
Eliminations and Corporate	(735)	(868)	—
Total	(134)	860	—

2. Qualitative Information and Other Matters Concerning Consolidated Financial Position

Status of Assets, Liabilities and Net Assets

(1) Assets

Total assets as of August 31, 2009 stood at ¥46,616 million, a drop of ¥8,851 million, or 16.0%, compared with the end of the previous fiscal year. This was mainly attributable to certain factors including a decrease of ¥5,187 million in the balance of cash and deposits as well as a decline of ¥1,386 million in the balance of notes and accounts receivable−trade.

(2) Liabilities

Total liabilities as of August 31, 2009 fell ¥6,813 million or 22.5%, compared with May 31, 2009 totaling ¥23,506 million. This was mainly attributable to a decline of short-term loans payable of ¥3,973 million, accrued expenses of ¥1,099 million, as well as accounts payable — trade of ¥980 million compared with the previous fiscal year-end.

(3) Net Assets

Net assets as of August 31, 2009 stood at ¥23,110 million, a decline of ¥2,038 million, or 8.1%, compared with the end of the previous fiscal year. This was mainly attributable the net loss of ¥1,102 million and the payment of cash dividends totaling ¥233 million.

Accounting for the aforementioned, the equity ratio as of August 31, 2009 increased 3.9 percentage points to 39.3% compared with the end of the previous fiscal year.

Status of Cash Flows

Cash and cash equivalents (hereafter "net cash") as of August 31, 2009 declined ¥5,397 million compared with the end of the previous fiscal year to ¥8,722 million.

(1) Cash Flows from Operating Activities

Net cash used in operating activities for the first quarter of the fiscal year ending May 31, 2010 amounted to ¥1,528 million. (Net cash used in operating activities for the corresponding period of the previous fiscal year was ¥1,322 million.) This is mainly attributable to income taxes paid totaling ¥771 million, a decline in notes and accounts receivable-trade of ¥1,763 million as well as a decrease in operating debt of ¥2,225 million.

(2) Cash Flows from Investing Activities

Net cash provided by investing activities for the period under review was ¥48 million. (Net cash used in investing activities for the corresponding period of the previous fiscal year was ¥836 million.) The major components included purchase of investments in subsidiaries of ¥729 million as well as proceeds from the collection of lease and guarantee deposits totaling ¥1,271 million.

(3) Cash Flows from Financing Activities

Net cash used in financing activities was ¥3,914 million. (Net cash provided by financing activities for the corresponding period of the previous fiscal year was ¥641 million.) Principal cash outflows included a decrease in short-term loans payable of ¥4,100 million and cash dividends paid totaling ¥448 million. Major cash inflow was proceeds from long-term loans payable of ¥649 million.

3. Qualitative Information and Other Matters Concerning Consolidated Forecasts

The Pasona Group is currently in the process of determining its forecast of consolidated results for the fiscal year ending May 31, 2010. In the event the Company decides that a revision to those forecasts announced on July 17, 2009 is required, relevant details will be disclosed in a timely manner as appropriate.

4. Other

(1) Changes in Important Subsidiaries during the Period (Changes in Special Subsidiaries due to Changes in the Scope of Consolidation and Application of the Equity Method)

None

(2) Application of the Simplified Accounting Method and Accounting Procedures Specific to the Preparation of Quarterly Consolidated Financial Statements

None

(3) Changes in Accounting Principles, Procedures, Disclosure Methods and Related Standards in connection with the Preparation of Quarterly Consolidated Financial Statements

None

(4) Additional information

(Accounting method for subsidy income)

Historically, subsidy income has been recorded as non-operating income for accounting purposes. Taking into consideration the growing importance of the development support and training directed toward the agriculture, forestry and fisheries sectors conducted by workers in other industries, as well as efforts by Japan’s Ministry of Agriculture, Forestry and Fisheries to put into effect its policy initiatives and to further distinguish the subsidy of operating costs in this area, the Pasona Group has decided to adopt an accounting method that offsets subsidy income against SG&A expenses effective from the first quarter of the fiscal year ending May 31, 2010. As a result, both selling, general and administrative expenses as well as operating loss decrease by ¥19 million compared with the previously implemented accounting method. The impacts of the adoption of this revised accounting method have also been recorded on an individual business segment basis.

5. Consolidated Financial Statements

(1) QUARTERLY CONSOLIDATED BALANCE SHEETS

(Millions of yen)

	As of August 31, 2009	As of May 31, 2009
ASSETS		
Current assets		
Cash and deposits	9,231	14,419
Notes and accounts receivable－trade	17,562	18,948
Other	3,224	4,069
Allowance for doubtful accounts	(73)	(80)
Total current assets	29,945	37,358
Noncurrent assets		
Property, plant and equipment	4,921	5,029
Intangible assets		
Goodwill	631	331
Other	3,292	3,410
Total intangible assets	3,923	3,741
Investments and other assets		
Other	8,217	9,728
Allowance for doubtful accounts	(40)	(38)
Allowance for investment loss	(350)	(350)
Total investments and other assets	7,826	9,338
Total noncurrent assets	16,671	18,110
Total assets	46,616	55,468

(Millions of yen)

	As of August 31, 2009	As of May 31, 2009
LIABILITIES		
Current liabilities		
Accounts payable－trade	588	1,568
Short-term loans payable	2,428	6,401
Current portion of bonds	36	36
Accrued expenses	7,858	8,957
Income taxes payable	94	830
Provision for bonuses	1,016	1,650
Provision for directors' bonuses	3	7
Other	9,368	9,382
Total current liabilities	21,392	28,834
Noncurrent liabilities		
Bonds payable	164	164
Long-term loans payable	519	4
Provision for retirement benefits	900	872
Provision for directors' retirement benefits	295	306
Other	234	136
Total noncurrent liabilities	2,113	1,485
Total liabilities	23,506	30,319
NET ASSETS		
Shareholders' equity		
Capital stock	5,000	5,000
Capital surplus	6,284	6,517
Retained earnings	11,892	12,995
Treasury stock	(4,799)	(4,799)
Total shareholders' equity	18,377	19,713
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	7	0
Foreign currency translation adjustment	(77)	(77)
Total valuation and translation adjustments	(69)	(76)
Minority interests	4,802	5,512
Total net assets	23,110	25,148
Total liabilities and net assets	46,616	55,468

(2) QUARTERLY CONSOLIDATED STATEMENTS OF INCOME

(Millions of yen)

	Three months ended August 31, 2008	Three months ended August 31, 2009
Net sales	59,136	47,161
Cost of sales	47,373	38,326
Gross profit	11,762	8,834
Selling, general and administrative expenses	10,902	8,968
Operating income (loss)	860	(134)
Non-operating income		
Interest income	8	3
Equity in earnings of affiliates	5	34
Subsidy income	7	—
Other	61	18
Total non-operating income	83	56
Non-operating expenses		
Interest expenses	8	14
Commitment fee	10	12
Other	16	14
Total non-operating expenses	34	41
Ordinary income (loss)	909	(119)
Extraordinary income		
Gain on sales of noncurrent assets	0	1
Gain on sales of investment securities	87	—
Reversal of allowance for doubtful accounts	—	2
Reversal of loss on liquidation of subsidiaries and affiliates	—	18
Total extraordinary income	87	22
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	5	56
Loss on valuation of investment securities	—	0
Loss on change in equity	—	2
Total extraordinary loss	5	59
Income (loss) before income taxes	990	(155)
Income taxes—current	367	100
Income taxes—deferred	172	750
Income taxes	539	850
Minority interests in income	137	96
Net income (loss)	313	(1,102)

(3) CONSOLIDATED STATEMENTS OF CASH FLOWS

(Millions of yen)

	Three months ended August 31, 2008	Three months ended August 31, 2009
Cash flows from operating activities		
Income (loss) before income taxes	990	(155)
Depreciation and amortization	401	434
Amortization of goodwill	50	59
Increase (decrease) in allowance for doubtful accounts	5	(4)
Decrease in provision for bonuses	(777)	(633)
Decrease in provision for directors' bonuses	(1)	(3)
Increase in provision for retirement benefits	18	27
Increase (decrease) in provision for directors' retirement benefits	8	(11)
Interest and dividends income	(9)	(3)
Interest expenses	8	14
Subsidy income	(7)	(5)
Equity in (earnings) losses of affiliates	(5)	(34)
Loss (gain) on change in equity	—	2
Loss on sales and retirement of noncurrent assets	5	54
Loss (gain) on sales of investment securities	(87)	—
Loss (gain) on valuation of investment securities	—	0
Decrease in notes and accounts receivable—trade	1,305	1,763
Decrease in operating debt	(1,649)	(2,225)
Other	(79)	(100)
Subtotal	177	(821)
Interest and dividends income received	15	4
Interest expenses paid	(6)	(52)
Proceeds from subsidy	89	112
Income taxes paid	(1,598)	(771)
Net cash used in operating activities	(1,322)	(1,528)

(Millions of yen)

	Three months ended August 31, 2008	Three months ended August 31, 2009
Cash flows from investment activities		
Purchase of property, plant and equipment	(498)	(153)
Proceeds from sales of property, plant and equipment	0	1
Purchase of intangible assets	(292)	(97)
Purchase of investments in subsidiaries	—	(729)
Payments for lease and guarantee deposits	—	(66)
Proceeds from collection of lease and guarantee deposits	—	1,271
Other	(46)	(178)
Net cash (used in) provided by investment activities	(836)	(48)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	4,010	(4,100)
Proceeds from long-term loans payable	—	649
Repayment of long-term loans payable	(0)	(7)
Proceeds from stock issuance to minority shareholders	—	1
Purchase of treasury stock	(2,593)	—
Cash dividends paid	(543)	(234)
Cash dividends paid to minority shareholders	(223)	(214)
Other	(7)	(9)
Total net cash provided by (used in) financing activities	641	(3,914)
Effect of exchange rate change on cash and cash equivalents	42	(2)
Net decrease in cash and cash equivalents	(1,474)	(5,397)
Cash and cash equivalents at the beginning of the period	13,612	14,120
Cash and cash equivalents at the end of the period	12,137	8,722

(4) Notes to Going Concern Assumption

Three months ended August 31, 2009

None

(5) Segment Information

Three months ended August 31, 2008

(Millions of yen)

	Temporary staffing / Contracting, Placement / Recruiting	Outplacement	Outsourcing	Other	Total	Eliminations and Corporate	Consolidated
Net sales							
(1) Sales to outside customers	53,502	1,544	3,596	492	59,136	—	59,136
(2) Intersegment sales and transfers	88	1	97	162	349	(349)	—
Total	53,591	1,545	3,693	655	59,485	(349)	59,136
Operating income (loss)	1,112	434	213	(31)	1,728	(868)	860

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, other

Three months ended August 31, 2009

(Millions of yen)

	Temporary staffing / Contracting, Placement / Recruiting	Outplacement	Outsourcing	Other	Total	Eliminations and Corporate	Consolidated
Net sales							
(1) Sales to outside customers	41,095	2,279	3,365	420	47,161	—	47,161
(2) Intersegment sales and transfers	124	0	66	600	791	(791)	—
Total	41,220	2,280	3,432	1,020	47,952	(791)	47,161
Operating income (loss)	(154)	616	165	(25)	601	(735)	(134)

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	Group shared services, child-care operation services, other

3. Additional information
   (Accounting method for subsidy income)
   As identified in 4. Other of "Qualitative Information / Financial Statements and Other, the Pasona Group has changed its accounting method for subsidy income relating to development support and training directed toward the agriculture, forestry and fisheries sectors from the first quarter of the fiscal year ending May 31, 2010. Under the newly adopted method, subsidy income is no longer posted as non-operating. Effective the first quarter of the fiscal year under review, subsidy income is offset against SG&A expenses. As a result, the operating loss recorded under Eliminations and Corporate declined by ¥19 million compared with the previous implemented method.

Information on Geographic Areas

Three months ended August 31, 2008

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

Three months ended August 31, 2009

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

Overseas Sales

Three months ended August 31, 2008

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

Three months ended August 31, 2009

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

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

None