Consolidated Financial Statements for the Nine Months Ended September 30, 2011

These financial statements have been prepared for reference only in accordance with accounting principles and practices generally accepted in Japan.

November 10, 2011

Link and Motivation Inc.
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http://www.lmi.ne.jp

Stock exchange listing: Tokyo, First Section
Code number: 2170

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Filing of Quarterly Report (*Shihanki Hokokusho*) (scheduled): November 10, 2011
Start of distribution of dividends (scheduled): December 22, 2011
Supplementary documents for quarterly results: Yes
Quarterly results briefing: No

(Amounts are rounded down to the nearest million.)

1. Consolidated Results for the Nine Months Ended September 30, 2011 (January 1, 2011 - September 30, 2011)

(1) Sales and Income

(Percentages represent change compared with the same quarter of the previous year.)

	Net sales (¥ million)	Change (%)	Operating income (¥ million)	Change (%)	Ordinary income (¥ million)	Change (%)
Nine months ended September 30, 2011	6,890	37.2	397	(19.2)	399	(20.6)
Nine months ended September 30, 2010	5,023	(1.3)	491	—	503	—

	Net income (¥ million)	Change (%)	Earnings per share (¥)	Earnings per share (diluted) (¥)
Nine months ended September 30, 2011	257	2.7	1,959.58	—
Nine months ended September 30, 2010	250	—	1,855.21	—

(2) Financial Position

	Total assets (¥ million)	Net assets (¥ million)	Net assets/ Total assets (%)	Net assets per share (¥)
As of September 30, 2011	8,075	3,151	37.2	23,208.99
As of December 31, 2010	4,560	3,228	69.1	23,559.37

(Reference) Net worth As of September 30, 2011: ¥3,005 million As of December 31, 2010: ¥3,151 million

2. Dividends

	Dividends per share				
	1st Qtr.	Interim	3rd Qtr.	Year-end	Full year
2010	500.00	500.00	500.00	500.00	2,000.00
2011	500.00	500.00	500.00		
2011 (est.)				500.00	2,000.00

Note: Revision of dividend forecast during the quarter: No

3. Forecast of Consolidated Results for 2011 (January 1, 2011 - December 31, 2011)

(Percentages represent change compared to the previous fiscal year.)

	Net sales		Operating income		Ordinary income		Net income		Earnings per share
	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)	(¥)
Full-year	10,000	40.9	770	5.3	760	1.9	590	0.8	4,505.88

Note: Revision of forecast of results during the quarter: No

4. Other (For details, see "Other Information" on page 5 of the Attachment.)

(1) Changes in Significant Subsidiaries during the Period: No
New: — companies (—) Excluded: — companies (—)
Note: Changes in specified subsidiaries due to changes in the scope of consolidation during the three months ended September 30, 2011

(2) Application of Simplified Accounting Procedures and Specific Accounting Procedures: Yes
Note: Application of simplified accounting procedures and accounting procedures specific to the preparation of quarterly consolidated financial statements

(3) Changes in Accounting Rules, Procedures, Presentation Methods, etc.
(a) Changes in consolidated accounting methods: Yes
(b) Changes other than (a) above: Yes
Note: Changes in accounting rules, procedures, presentation methods, etc. for the quarterly consolidated financial statements stated in "Changes in Significant Items Regarding Presentation of Quarterly Financial Statements".

(4) Number of Shares Issued and Outstanding (Common Stock)
(a) Number of shares at the end of the period (including treasury stock)
Nine months ended September 30, 2011: 134,960; Year ended December 31, 2010: 134,960
(b) Number of treasury shares at the end of the period:
Nine months ended September 30, 2011: 5,446; Year ended December 31, 2010: 1,191
(c) Average number of shares outstanding:
Nine months ended September 30, 2011: 131,277; Nine months ended September 30, 2010: 134,960

* Presentation of Implementation Status of Quarterly Review Procedures

These "Consolidated Financial Statements for the Nine Months Ended September 30, 2011" are not subject to quarterly review procedures pursuant to the Financial Instruments and Exchange Act and, as of the date of publication of these statements, the review procedures for quarterly financial statements pursuant to the Financial Instruments and Exchange Act had not been completed.

* Explanation on Proper Use of the Forecast of Results and Other Special Instructions

For the background to the forecast of consolidated results contained in this document, please refer to "Qualitative Information Regarding Forecast of Consolidated Results" on page 4 of the Attachment. The forecast of consolidated results contained in this document is based on the most reliable information and assumptions available to the Company as of the date of submission. Please bear in mind that numerous uncertain factors are present given an increasingly unclear economic environment.

Contents of Attachment

1. Qualitative Information Regarding Consolidated Results, etc.

(1) Qualitative Information Regarding Results of Consolidated Operations

During the cumulative third-quarter period of 2011 (January 1, 2011 to September 30, 2011), Japan's economy benefited from a recovery in exports from the beginning of the year and signs of improved domestic demand became apparent. However, global economic instability, including the impact of the Great East Japan Earthquake on March 11, 2011, the slowing recovery in the United States, and financial problems in Europe, and the resulting appreciation of the yen have made it difficult to assess the future outlook. In addition, employment conditions in Japan remained severe despite a gradual recovery trend, with the unemployment rate at 4.3 percent and the ratio of job offers to university and other graduates at 0.66.

In this economic environment, consolidated net sales of the Link and Motivation Group for the nine months ended September 30, 2011 were ¥6,890,908 thousand (a 37.2% increase compared with the same period of the previous year), gross profit was ¥3,311,566 thousand (a 24.2% increase), operating income was ¥397,158 thousand (a 19.2% decrease), ordinary income was ¥399,811 thousand (a 20.6% decrease), and net income was ¥257,247 thousand (a 2.7% increase).

An overview of results by segment for the nine months ended September 30, 2011 is provided below. The segments of the Link and Motivation Group and respective service areas are as follows.

Segment classification	Service area	Name of Group company providing the service
B2B Division	Motivation Management business	Link and Motivation Inc. Link Event Produce Inc.
	Entry Management business	Link and Motivation Inc. Raise-i Inc.
	Investor Relations business	Link Corporate Communications Inc.
	Place Management business	Link Place Inc.
B2C Division	Schools business	AVIVA Co., Ltd.
	Sports business	Link Sports Entertainment Inc.
	Restaurant business	Link Dining Inc.
	Preparatory schools business	Motivation Academia Inc.

B2B Division

This segment offers one-stop services that support companies' management and growth by applying the "motivation engineering" technology essential for corporate innovation to their communication with stakeholders such as employees, job applicants, shareholders and investors.

For the nine months ended September 30, 2011, segment sales were ¥4,450,194 thousand and segment profit was ¥2,450,140 thousand, which were on par with the same period of the previous year. An overview of operating results by business area for the nine months ended September 30, 2011 is as follows.

Motivation Management Business

In the Motivation Management business, net sales in the nine months ended September 30, 2011were ¥1,878,748 thousand and gross profit was ¥1,052,879 thousand.

This business offers services for personnel training and organization and system design aimed at creating highly motivated organizations. The business also supports corporate vision and brand creation and market penetration.

In the nine months ended September 30, 2011, this business carried out a strategy of strengthening services based on management issues amid the beginning of a recovery in spending on personnel, training, advertising and PR by customer corporations. As a result, consulting projects that addressed customers' essential management issues increased substantially. However, sales decreased slightly compared with the same period a year earlier as a result of cancellations of training programs due to the Great East Japan Earthquake.

Going forward, the Company will focus on meeting new management needs in areas such as diversity and globalization, as well as expanding sales of repeatable training products with high profit margins.

Entry Management Business

In the Entry Management business, net sales in the nine months ended September 30, 2011 were ¥1,558,195 thousand and gross profit was ¥983,952 thousand.

This business offers recruitment strategy planning services aimed at realizing the best matches between companies and applicants in the recruitment stage, and assistance with the execution of those strategies.

In the nine months ended September 30, 2011, this business carried out a strategy of strengthening products and services that are compatible with the recruitment environment as the trend to select fewer students more strictly gained momentum against the backdrop of a severe economic environment. As a result, sales of consulting for planning company information meetings and management of events declined. However, with strong sales of human resource assessment tools, Web-based company information support services in response to delays in the start of recruiting, and student recruitment services, sales were on par with the same period a year earlier.

Going forward, in response to changing corporate recruitment needs, the Company will continue to focus on offering corporate PR support services, which help promote corporate brands among the student population, as well as student recruitment services demanded by companies.

Investor Relations Business

In the Investor Relations business, net sales in the nine months ended September 30, 2011 were ¥550,023 thousand and gross profit was ¥285,030 thousand.

This business provides IR consulting services designed to achieve effective and efficient communication with investors, including annual report production and video distribution of business results briefings.

In the nine months ended September 30, 2011, sales of annual reports were below the level of the previous year, but the core video distribution service performed well compared with the previous year.

Going forward, the Company will focus on new product development and sales by applying its existing knowledge in areas such as Web-based annual reports and packaged services for client IR sites.

Place Management Business

In the Place Management business, net sales in the nine months ended September 30, 2011 were ¥463,227 thousand and gross profit was ¥128,278 thousand.

This business provides office brokerage and consulting services related to office design and construction.

In the nine months ended September 30, 2011, customers refrained from active investment in offices. As a result, although sales in the core consulting service business remained firm, sales in the office brokerage business declined along with sales of large-scale turnkey contracts for office construction services.

Going forward, the Company will strengthen sales through PR using its new office as a subject, and will continue to focus on one-stop services from office selection for start-ups to office construction consulting.

B2C Division

In this segment, the Link and Motivation Group applies its core “motivation engineering” technology to manage and develop businesses including schools, preparatory schools, a sporting organization, and a restaurant.

The Link and Motivation Group acquired all of the shares of AVIVA Co., Ltd. on June 11, 2011. Segment sales and profit for the nine months ended September 30, 2011 therefore increased significantly, with segment sales increasing to ¥2,532,692 thousand and segment profit increasing to ¥892,036 thousand. An overview of operating results for the nine months ended September 30, 2011 by business area is as follows.

Schools

In the Schools business, net sales in the nine months ended September 30, 2011 were ¥2,142,418 thousand and gross profit was ¥825,640 thousand.

This business area offers comprehensive personal computer training, courses and qualification through AVIVA’s personal computer classes.

Enrollment in personal computer classes decreased somewhat year on year and tuition revenues decreased slightly. However, vocational training programs performed well, product sales increased due to demand resulting from the end of Office 2007 sales, and sales of qualification support services through an alliance with Daiei Sogo Kyoiku System Co., Ltd. were firm. As a result, net sales were on par with the previous year.

Going forward, the Link and Motivation Group will strengthen synergies with this business in meticulously enhancing profitability.

Other

In other businesses, net sales in the nine months ended September 30, 2011 were ¥390,274 thousand and gross profit was ¥66,396 thousand. Results in other businesses include Link Sports Entertainment Inc., which operates a professional basketball team called Link Tochigi Brex; Link Dining Inc., which operates an Italian restaurant called Link Dining; and Motivation Academia Inc., which operates preparatory schools.

(2) Qualitative Information Regarding Consolidated Financial Position

Assets, Liabilities and Net Assets

Total assets as of September 30, 2011 increased a substantial ¥3,514,815 thousand from the end of the previous year to ¥8,075,064 thousand in connection with the acquisition of AVIVA Co., Ltd. The principal factors were an ¥839,062 thousand increase in cash and deposits, a ¥1,532,140 thousand increase in goodwill, and a ¥596,851 thousand increase in security deposits.

Total liabilities increased a substantial ¥3,591,792 thousand from the end of the previous year to ¥4,923,302 thousand in connection with the acquisition of AVIVA Co., Ltd. The principal factors were a ¥1,902,276 thousand increase in advances received, a ¥403,661 thousand increase in long-term debt, and a ¥400,000 thousand increase in short-term borrowings.

Total net assets decreased ¥76,976 thousand from the end of the previous year to ¥3,151,761 thousand. Net income increased retained earnings by ¥257,247 thousand and minority interests increased by ¥68,647 thousand, while payment of dividends reduced retained earnings by ¥198,057 thousand and acquisition of treasury stock reduced net assets by ¥207,369 thousand.

Cash Flow

Cash and cash equivalents (hereafter, “Cash”) as of September 30, 2011 increased ¥839,062 thousand, or 88.7%, from a year earlier to ¥2,510,777 thousand.

Cash flow for the nine months ended September 30, 2011 was as follows.

Cash Flow from Operating Activities

Net cash provided by operating activities decreased was ¥546,491 thousand. Principal factors increasing cash inflow were income before income taxes of ¥418,654 thousand and a decrease in notes and accounts receivable - trade of ¥374,169 thousand, while a decrease in accounts payable increased cash outflow by ¥184,418 million.

Cash Flow from Investing Activities

Net cash used in investing activities increased was ¥22,745 thousand. The principal factor increasing cash inflow was proceeds from acquisition of subsidiary stock due to a change in the scope of consolidation totaling ¥119,273 thousand, while the principal factors increasing cash outflow were payments for security deposits and guarantees totaling ¥90,388 thousand, and payments for acquisition of property and equipment totaling ¥68,147 thousand.

Cash Flow from Financing Activities

Net cash provided by financing activities was ¥315,315 thousand. The principal factors were an increase in short-term debt of ¥400,000 thousand and proceeds from long-term debt of ¥493,600 thousand, while payments for purchase of treasury stock were ¥455,573 thousand and payment of cash dividends used cash totaling ¥200,838 thousand.

(3) Qualitative Information Regarding Forecast of Consolidated Results

At the present time, the Company has made no revisions to its forecast of consolidated results for 2011 (January 1, 2011 - December 31, 2011).

2. Other Information

(1) Overview of Changes in Significant Subsidiaries

Newly acquired AVIVA Co., Ltd. was added to the scope of consolidation from the nine months ended September 30, 2011 (January 1, 2011 to September 30, 2011).

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

(Simplified Accounting Procedures)

Nine Months Ended September 30, 2011 (January 1, 2011 to September 30, 2011)
1. Appraisal method for inventory assets With respect to the calculation of inventory assets as of September 30, 2011, physical stocktaking was not conducted, and instead a method of reasonably calculating inventory based on physical inventory figures at the end of the previous consolidated fiscal year was adopted. In addition, with respect to the write-down of book values, actual sales value is estimated for those inventory assets with clearly diminished profitability. 2. Calculation method for the depreciation cost of fixed assets With respect to the assets calculated using the age-life method, the portion of depreciation cost for the consolidated fiscal year under review is included.

(Accounting Procedures Specific to the Preparation of Quarterly Consolidated Financial Statements)

Nine Months Ended September 30, 2011 (January 1, 2011 to September 30, 2011)
1. Calculation of tax expenses With respect to tax expenses, a reasonable estimate is made for the effective tax rate after the application of tax effect accounting to pretax net income for the consolidated fiscal year, and the estimated tax rate is multiplied by pretax net income. The adjustment for corporate and other taxes is included in income taxes in the Consolidated Statements of Operations.

(3) Overview of Changes in Accounting Rules, Procedures, Presentation Methods, etc.

(Changes in Accounting Rules)

Nine Months Ended September 30, 2011 (January 1, 2011 to September 30, 2011)
From the first quarter of 2011, the Company applies the Accounting Standard for Asset Retirement Obligations (Accounting Standards Board of Japan (ASBJ) Statement No. 18, issued March 31, 2008) and the Guidance on Accounting Standard for Asset Retirement Obligations (ASBJ Guidance No. 21, issued March 31, 2008). As a result, for the nine months ended September 30, 2011 operating income and ordinary income each decreased by ¥4,756 thousand, and income before income taxes decreased by ¥13,617 thousand. The change in asset retirement obligations due to the application of this standard is ¥42,968 thousand.

(Changes in Presentation Methods)

Nine Months Ended September 30, 2011 (January 1, 2011 to September 30, 2011)
From the nine months ended September 30, 2011, the Company applies the Accounting Standard for Asset Retirement Obligations (Accounting Standards Board of Japan (ASBJ) Statement No. 18, issued March 31, 2008) and the Guidance on Accounting Standard for Asset Retirement Obligations (ASBJ Guidance No. 21, issued March 31, 2008).

Third Quarter of 2011 (July 1, 2011 to September 30, 2011)
As a result of applying the Cabinet Office Ordinance Partially Revising Regulations on the Terminology, Format and Preparation of Financial Statements (Cabinet Office Ordinance No. 5, issued March 24, 2009) based on the Accounting Standard for Consolidated Financial Statements (ASBJ Statement No. 22 issued on December 26, 2008), “Income before minority interests” is presented for the third quarter of 2011. “Commission fees” were more than 20 hundredths of total non-operating income in the third quarter of 2011. Therefore, they are presented as a separate item. For the third quarter, “Commission fees” included in “Other” under non-operating income were ¥43 thousand.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Thousands of yen, rounded down to the nearest thousand)

	As of September 30, 2011	As of December 31, 2010
ASSETS		
Current assets		
Cash and deposits	2,510,777	1,671,715
Notes and accounts receivable	1,017,571	1,214,475
Products	73,881	11,890
Goods in process	59,725	53,647
Merchandise and supplies	18,557	13,618
Prepaid expenses	144,247	64,508
Deferred tax assets	155,563	155,563
Deposits held	244,566	—
Accrued consumption tax	9,977	6,223
Other	49,089	32,555
Allowance for doubtful accounts	(12,487)	(13,861)
Total current assets	4,271,471	3,210,337
Fixed assets		
Property and equipment		
Buildings and structures	599,671	140,444
Accumulated depreciation	(299,298)	(91,378)
Buildings and structures (net)	300,373	49,065
Vehicles	10,057	6,411
Accumulated depreciation	(9,144)	(5,690)
Vehicles (net)	913	721
Furniture and fixtures	352,152	263,338
Accumulated depreciation	(281,368)	(208,299)
Furniture and fixtures (net)	70,783	55,039
Lease assets	79,201	37,073
Accumulated depreciation	(26,293)	(12,187)
Lease assets (net)	52,908	24,886
Total property and equipment	424,979	129,713
Intangible assets		
Goodwill	2,074,830	542,689
Software	175,337	174,142
Other	4,228	4,440
Total intangible assets	2,254,395	721,272
Investments and other assets		
Investments in securities	37,360	18,360
Security deposits	967,416	370,564
Deferred tax assets	62,937	63,702
Claims in bankruptcy	5,124	242
Other	56,504	46,298
Allowance for doubtful accounts	(5,124)	(242)
Total investments and other assets	1,124,218	498,925
Total fixed assets	3,803,593	1,349,911
Total assets	8,075,064	4,560,248

(Thousands of yen, rounded down to the nearest thousand)

	As of September 30, 2011	As of December 31, 2010
LIABILITIES		
Current liabilities		
Accounts	282,436	314,055
Short-term borrowings	850,000	450,000
Long-term debt due within one year	60,852	2,052
Accounts payable	363,179	209,128
Lease obligations	21,568	11,442
Asset retirement obligations	2,493	—
Expenses payable	163,444	13,158
Accrued income taxes	195,361	23,422
Accrued consumption taxes	49,617	36,041
Advances received	1,971,815	69,538
Accrued bonuses to employees	122,985	122,041
Accrued bonuses to officers	8,634	6,630
Other reserves	3,450	—
Other	61,490	58,078
Total current liabilities	4,157,331	1,315,589
Long-term liabilities		
Long-term debt	405,542	1,881
Lease obligations	33,482	14,039
Asset retirement obligations	40,474	—
Reserve for employee retirement benefits	148,246	—
Other	138,226	—
Total long-term liabilities	765,971	15,920
Total liabilities	4,923,302	1,331,510
NET ASSETS		
Shareholders' equity		
Common stock	979,750	979,750
Additional paid-in capital	734,595	734,595
Retained earnings	1,552,720	1,493,530
Treasury stock	(263,409)	(56,040)
Total shareholders' equity	3,003,656	3,151,835
Valuation and translation adjustments		
Unrealized gain on securities	2,233	(321)
Total valuation and translation adjustments	2,233	(321)
Minority interests	145,872	77,224
Total net assets	3,151,761	3,228,738
Total liabilities and net assets	8,075,064	4,560,248

(2) Consolidated Statements of Operations

(Thousands of yen, rounded down to the nearest thousands)

	Nine months ended September 30, 2010	Nine months ended September 30, 2011
Net sales	5,023,335	6,890,908
Cost of sales	2,358,005	3,579,342
Gross profit	2,665,330	3,311,566
Selling, general and administrative expenses	2,174,012	2,914,408
Operating income	491,317	397,158
Non-operating income		
Interest income	581	662
Dividend income	125	510
Interest on refund of income taxes	7,971	—
Co-sponsor fee	1,980	1,571
Commissions received	—	3,362
Other	4,059	5,090
Total non-operating income	14,717	11,197
Non-operating expenses		
Interest expenses	2,279	4,796
Expenses for purchase of treasury stock	—	3,637
Other	291	109
Total non-operating expenses	2,571	8,544
Ordinary income	503,463	399,811
Extraordinary income		
Gain on sale of property and equipment	1,865	—
Reversal of allowance for doubtful accounts	—	33,857
Other	13,400	5,104
Total extraordinary income	15,265	38,962
Extraordinary loss		
Loss on sale of property and equipment	2,857	—
Loss on valuation of investment securities	1,270	3,180
Loss on disposal of property and equipment	5,259	5,671
Office transfer expenses	11,646	—
Adjusted loss from previous period	9,692	—
Adjustment for changes of accounting standard for asset retirement obligations	—	8,860
Provision for loss on store closure	—	2,408
Other	2,741	—
Total extraordinary loss	33,465	20,119
Income before income taxes	485,262	418,654
Income taxes	234,882	212,758
Income before minority interests	250,379	205,895
Loss on minority interests	—	(51,352)
Net income	250,379	257,247

(2) Consolidated Statements of Operations

(Thousands of yen, rounded down to the nearest thousands)

	Third quarter of 2010 (July 1 to September 30, 2010)	Third quarter of 2011 (July 1 to September 30, 2011)
Net sales	1,530,243	2,984,162
Cost of sales	707,858	1,694,629
Gross profit	822,384	1,289,532
Selling, general and administrative expenses	726,181	1,202,960
Operating income	96,202	86,571
Non-operating income		
Interest income	189	518
Dividend income	21	9
Co-sponsor fee	757	816
Commission fees	—	1,332
Other	1,847	1,834
Total non-operating income	2,815	4,511
Non-operating expenses		
Interest expenses	92	2,732
Expenses for purchase of treasury stock	—	543
Other	124	17
Total non-operating expenses	217	3,293
Ordinary income	98,801	87,789
Extraordinary income		
Gain on sale of property and equipment	—	33,857
Other	—	4,794
Total extraordinary income	—	38,652
Extraordinary loss		
Loss on valuation of investment securities	(110)	97
Loss on disposal of property and equipment	—	5,671
Office transfer expenses	—	2,408
Total extraordinary loss	(110)	8,176
Income before income taxes	98,911	118,265
Income taxes	38,995	3,042
Income before minority interests	59,915	115,223
Loss on minority interests	—	(8,170)
Net income	59,915	123,393

(3) Consolidated Statements of Cash Flow

(Thousands of yen, rounded down to the nearest thousand)

	Nine months ended September 30, 2010	Nine months ended September 30, 2011
Cash flow from operating activities		
Income before income taxes	485,262	418,654
Depreciation and amortization	99,417	137,571
Amortization of goodwill	62,131	115,917
Increase (decrease) in allowance for doubtful accounts	(6,858)	(3,076)
Increase (decrease) in allowance for employees' bonuses	4,393	(86,089)
Increase (decrease) in allowance for officers' bonuses	(5,846)	(3,490)
Transfer expenses	11,646	—
Loss (gain) on valuation of investment securities	1,270	3,180
Loss (gain) on sale of fixed assets	992	—
Loss on disposal of fixed assets	5,259	5,671
Interest and dividend income	(707)	(1,173)
Interest expense	2,279	4,796
Decrease (increase) in notes and accounts receivable – trade	237,758	374,169
Decrease (increase) in inventories	(11,255)	(17,933)
Adjustment for changes of accounting standard for asset retirement obligations	—	8,860
Increase (decrease) in notes and accounts payable	(34,254)	(69,588)
Increase (decrease) in accounts payable	(122,516)	(184,418)
Increase (decrease) in advances received	(33,161)	(66,381)
Increase (decrease) in accrued consumption taxes	50,077	(13,136)
Other	(44,065)	(51,565)
Subtotal	701,824	571,965
Interest and dividends received	707	1,173
Interest paid	(2,128)	(5,516)
Income tax refund	285,031	—
Income taxes paid	(6,903)	(21,130)
Payment for transfer expenses	(17,496)	—
Payment for business reorganization	(43,000)	—
Net cash provided by operating activities	918,034	546,491
Cash flow from investing activities		
Proceeds from repayment of time deposits	50,000	—
Proceeds from recovery of investments	100	—
Payments for acquisition of property and equipment	(14,989)	(68,147)
Payments for acquisition of intangible fixed assets	(21,362)	(17,237)
Proceeds from acquisition of subsidiary stock due to a change in the scope of consolidation	—	119,273
Payments for security deposits and guarantees	(4,192)	(90,388)
Proceeds from recovery of security deposits and guarantees	124,151	36,555
Other	(3,001)	(2,801)
Net cash (used in) provided by investing activities	130,707	(22,745)
Cash flow from financing activities		
Increase (decrease) in short-term debt	(650,000)	400,000
Proceeds from long-term debt	—	493,600
Repayment of long-term debt	(1,539)	(31,139)
Repayment of lease obligations	(5,674)	(10,733)
Payments for purchase of treasury stock	—	(455,573)
Payment of cash dividends	(203,629)	(200,838)
Proceeds from stock issuance to minority shareholders	—	120,000
Net cash provided by (used in) financing activities	(860,842)	315,315
Net increase in cash and cash equivalents	187,899	839,062
Cash and cash equivalents at beginning of period	1,142,532	1,671,715
Cash and cash equivalents at end of period	1,330,431	2,510,777

(4) Notes Regarding Assumption of Going Concern

Cumulative third quarter of 2011 (January 1, 2011 – September 30, 2011)

None applicable.

(5) Segment Information

a. Business Segment Information

Cumulative third quarter of 2011 (January 1, 2011 – September 30, 2011)

Not applicable because the business of the Company and its subsidiaries, “Management consulting through motivation engineering,” is a single segment.

b. Geographic Segment Information

Cumulative third quarter of 2011 (January 1, 2011 – September 30, 2011)

Geographic segment information is not disclosed because the Company has no consolidated subsidiaries or significant branch offices outside Japan.

c. Overseas Sales

Cumulative third quarter of 2011 (January 1, 2011 – September 30, 2011)

Overseas sales information is omitted because the Company has no overseas sales.

d. Segment Information

(Additional Information)

As of the first quarter of 2011, the Company has adopted the Accounting Standard for Disclosures about Segments of an Enterprise and Related Information (ASBJ Statement No. 17, issued March 27, 2009) and Guidance on Accounting Standard for Disclosures about Segments of an Enterprise and Related Information (ASBJ Guidance No. 20, issued March 21, 2008).

1. Overview of reportable segments

The reportable segments of the Group are constituent units for which separate financial information is available and for which the Board of Directors undertakes a regular review to determine the allocation of management resources and assess business performance.

The Group operates based on comprehensive strategies for the services it offers.

The Group consists of business segments based on the format in which the services are offered and has consequently set two segments—the B2B Division and the B2C Division—as its reportable segments.

In the B2B Division, the Group applies the “motivation engineering,” the essential technology for corporate innovation, to communicate with corporate stakeholders such as employees, applicants, shareholders, and investors and supports the management and growth of companies with one-stop services. In the B2C Division, the Group offers services by applying the essential “motivation engineering” technology to the management of B2C business domains such as schools, preparatory schools, sports and restaurants.

2. Sales and income by reportable segment

Cumulative third quarter of 2011 (January 1, 2011 – September 30, 2011)

(Thousands of yen, rounded to the nearest thousand)

	Reportable Segment			Adjustment (Note 1)	Consolidated
	B2B Division	B2C Division	Total		
Segment sales					
Sales to outside customers	4,440,384	2,450,524	6,890,908	—	6,890,908
Intersegment sales and transfers	9,810	82,167	91,978	(91,978)	—
Total	4,450,194	2,532,692	6,982,887	(91,978)	6,890,908
Segment profit	2,450,140	892,036	3,342,177	(30,610)	3,311,566

Notes:

1. Adjustments represent elimination of intersegment transactions
2. Segment profit is gross profit.

(6) Notes in the Event of Significant Changes in Shareholders’ Equity

Cumulative third quarter of 2011 (January 1, 2011 – September 30, 2011)

None applicable.