Consolidated Financial Statements for the Six Months Ended June 30, 2009

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

August 7, 2009

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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): August 7, 2009
Start of distribution of dividends (scheduled): September 25, 2009

(Amounts are rounded down to the nearest million.)

1. Consolidated Results for the Six Months Ended June 30, 2009 (January 1, 2009 - June 30, 2009)

(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 (%)
Six months ended June 30, 2009	3,715	—	9	—	9	—
Six months ended June 30, 2008	4,105	5.4	601	23.7	602	24.1

	Net income (loss) (¥ million)	Change (%)	Earnings (loss) per share (¥)	Earnings per share (diluted) (¥)
Six months ended June 30, 2009	(212)	—	(1,572.47)	—
Six months ended June 30, 2008	355	29.2	2,620.79	—

(2) Financial Position

	Total assets (¥ million)	Net assets (¥ million)	Net assets/ Total assets (%)	Net assets per share (¥)
As of June 30, 2009	4,704	3,318	70.5	24,589.19
As of December 31, 2008	4,963	3,787	76.3	28,066.52

(Reference) Net worth As of June 30, 2009: ¥3,318 million As of December 31, 2008: ¥3,787 million

2. Dividends

	Dividends per share				
	1st Qtr.	Interim	3rd Qtr.	Year-end	Full year
2008	525.00	787.00	309.00	1,409.00	3,030.00
2009	500.00	500.00			
2009 (est.)			500.00	500.00	2,000.00

3. Forecast of Consolidated Results for 2009 (January 1, 2009 - December 31, 2009)

(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	7,700	(7.0)	700	(50.5)	700	(50.9)	190	(76.8)	1,407.82

Note: Changes to the forecast of results during the second quarter: No

4. Other

(1) Changes in Significant Subsidiaries during the Period (Changes in Specified Subsidiaries due to Changes in the Scope of Consolidation): Yes
New: 2 companies (Names: E-News, Inc., Digit Co., Ltd.) Eliminations: 1 company (Name: E-News, Inc.)
(For details, see "4. Other" of "Qualitative Information and Financial Statements" on page 7.)

(2) Application of Simplified Accounting Procedures and Accounting Procedures Specific to the Preparation of Quarterly Consolidated Financial Statements: Yes
(For details, see "4. Other" of "Qualitative Information and Financial Statements" on page 7.)

(3) Changes in Accounting Policies and Procedures and Presentation Methods for Preparation of the Quarterly Consolidated Financial Statements
(a) Changes in consolidated accounting methods: Yes
(b) Changes other than (a) above: No
(For details, see "4. Other" of "Qualitative Information and Financial Statements" on page 7.)

(4) Number of Shares Issued (Common Stock)
(a) Number of shares at the end of the period (including treasury stock)
Six months ended June 30, 2009: 134,960; Year ended December 31, 2008: 134,960
(b) Number of treasury shares at the end of the period:
Six months ended June 30, 2009: 0; Year ended December 31, 2008: 0
(c) Average number of shares outstanding:
Six months ended June 30, 2009: 134,960; Six months ended June 30, 2008: 134,960

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

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 in an increasingly unclear economic environment could cause actual results to differ materially from the forecast. Please see "3. Qualitative Data on the Forecast of Consolidated Results" of "Qualitative Information and Financial Statements" on page 6.

From the year ending December 31, 2009, the Company applies the Accounting Standard for Quarterly Financial Statements (ASB Standard No. 12) and the Guidance on Accounting Standard for Quarterly Financial Statements (ASB Guidance No. 14). In addition, quarterly consolidated financial statements are prepared in compliance with the rules for quarterly consolidated financial statements.

Qualitative Information and Financial Statements

1. Qualitative Information Regarding Results of Consolidated Operations

In the Japanese economy during the second quarter period of 2009, the six months from January 1, 2009 to June 30, 2009, unstable conditions continued at many companies due to the so-called "once in a century" recession.

In this extremely severe environment, Link and Motivation Inc. focused on executing its 2009 growth strategies of reorganizing Group companies to improve synergies within its businesses, and stepping up the development of new products to respond effectively to diverse customer needs. The reorganization of Group companies carried out in April 2009 is beginning to show good results. In stepping up new product development, we released and began marketing several new products in the Motivation Management business. We plan to continue developing and releasing new products to respond to diversifying customer needs.

In addition, we implemented cost reductions in response to the economic downturn. Although the Company decided to close the Tokyo Branch (Shiodome offices), but the ensuing reduction in expenses will be recorded from October 2009 onward. Expenses of ¥189,370 thousand associated with closure of the Tokyo Branch (Shiodome offices) were recorded as extraordinary loss in the second quarter.

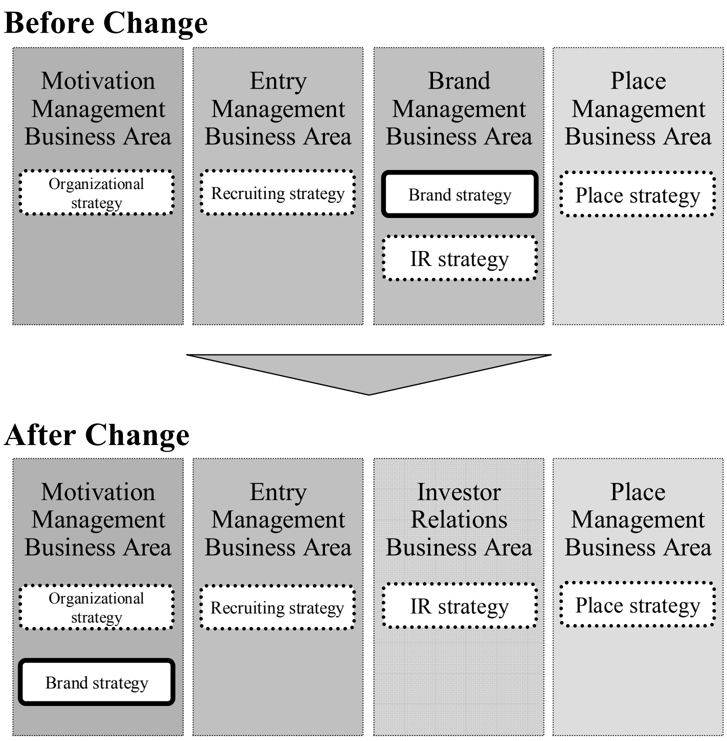
As a result, consolidated net sales of the Link and Motivation Group in the second quarter of 2009 were ¥1,988,586 thousand (an increase of 1.0% compared with the second quarter of the previous year), and operating income was ¥294,467 thousand (a decrease of 17.4%), basically on the same level as in the previous year.

Consolidated net sales in the six months ended June 30, 2009 were ¥3,715,214 thousand (a decrease of 1.5% compared with the same period of the previous year), operating income was ¥9,198 thousand (a decrease of 98.5%), ordinary income was ¥9,220 thousand (a decrease of 98.5%) and net loss was ¥212,221 thousand.

Note: Percentage comparisons with the same quarter of the previous year are presented for reference.

Business areas during the six months ended June 30, 2009 were as follows.

Note: During the six months ended June 30, 2009, the branding support business, traditionally a part of the Brand Management business, was integrated with the Motivation Management business. In line with this change, the Brand Management business was renamed the Investor Relations business.



Motivation Management Business

In the Motivation Management business, sales in the six months ended June 30, 2009 were ¥1,402,434 thousand (a 32.4% decrease compared with the same period of the previous year), while gross profit was ¥916,328 thousand (a 39.9% decrease).

This segment offers marketing support services designed to enhance employee motivation through educational training, personnel systems and organizational climate, and to clarify and popularize brands.

Sales declined due to cutbacks in personnel, training and advertising related budgets amid the economic downturn.

In the four areas of personnel development, organizational development, product development and customer development, we will endeavor to contribute to enhancing the business results of customers by providing a one-stop service that traditional educational training companies and advertising agencies cannot.

Entry Management Business

In the Entry Management business, sales in the six months ended June 30, 2009 were ¥1,349,434 thousand (a 2.7% decrease compared with the same period of the previous year), while gross profit was ¥678,584 thousand (a 9.8% decrease).

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

Sales in the first quarter decreased 13.7% compared with the first quarter of the previous year as some customers moved to internalize recruiting activities amid the economic downturn. However, in consideration of these environmental changes, we merged with Group companies to provide one-stop services to resolve recruiting issues from upstream to downstream. As a result, sales in the second quarter increased 20.1% compared with the second quarter of the previous year. In addition, for the six months ended June 30, 2009, sales of direct sales channels, which have grown steadily since beginning in 2007, increased by 22.4% compared with the same period of the previous year.

Moving forward, we will deepen collaboration with the placement services provided by Digit Co., Ltd., which the Company acquired on May 15, 2009, in order to provide customers with ever more comprehensive services.

Investor Relations Business

In the Investor Relations business, sales in the six months ended June 30, 2009 were ¥422,692 thousand (a 144.9% increase compared with the same period of the previous year), while gross profit was ¥180,293 thousand (a 78.7% increase).

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

Sales were steady for annual reports and video distribution services for business results briefings and shareholders meetings, which have a high repeat rate. In addition, merging with Group companies that provide IR support services increased sales efficiency through sharing of customer information.

As a result, sales and gross profit were substantially higher compared with the same period of the previous year.

Place Management Business

In the Place Management business, sales in the six months ended June 30, 2009 were ¥474,133 thousand (a 4.4% increase compared with the same period of the previous year), while gross profit was ¥133,271 thousand (a 60.3% increase).

This segment provides office intermediary and construction services.

Sales were solid due to results from merging Group companies offering place management, which enhanced our system for providing one-stop services from office intermediary to office construction.

As a result, sales and gross profit were higher compared with the same period of the previous year.

Other

Other sales in the six months ended June 30, 2009 totaled ¥66,519 thousand (a 283.1% increase compared with the same period of the previous fiscal year).

In addition to proceeds from speeches at various business events, book publishing and articles written for newspapers and business magazines, from the second quarter results included sales of Link Sports Entertainment Inc. (previously Dream Team Entertainment Inc.), a wholly owned subsidiary operating the Link Atsugi Brex professional basketball team.

Note: Comparisons with the same period of the previous fiscal year for the Motivation Management and Investor Relations businesses, in which business areas have changed, are based on retroactively revised figures.

2. Qualitative Data on Consolidated Financial Position

Assets, Liabilities and Net Assets

Total assets as of June 30, 2009 were ¥4,704,581 thousand, down ¥258,860 thousand from the end of the previous year. The principal factors included a decrease of ¥427,232 thousand in cash and deposits, a decrease of ¥376,054 thousand in notes and accounts receivable and an increase of ¥567,648 thousand in goodwill. The decline in notes and accounts receivable reflects the fact that most of the Company's sales take place during the fourth quarter.

Total liabilities were ¥1,386,023 thousand, up ¥210,440 thousand from the end of the previous year. The principal factors included an increase of ¥528,000 thousand in short-term borrowings, an increase of ¥52,059 thousand in long-term debt, an increase of ¥133,750 thousand in reserve for restoration of closed offices to their original state, as well as a decrease of ¥149,853 thousand in accounts payable and a decrease of ¥302,448 thousand in accrued income taxes.

Total net assets as of June 30, 2009 were ¥3,318,558 thousand, down ¥469,300 thousand from the end of the previous year. The principal factor was net loss before income taxes of ¥286,786 thousand.

Cash Flow

The balance of cash and cash equivalents ("cash") as of June 30, 2009 was ¥885,261 thousand, a decrease of ¥427,232 thousand compared with the end of the previous year.

Cash flow for the six months ended June 30, 2009 was as follows.

Cash Flow from Operating Activities

Net cash provided by operating activities was ¥47,094 thousand.

Principal factors were a net increase in cash of ¥230,667 thousand due to decreases in notes and accounts payable and decrease in notes and accounts receivable-trade, despite loss before income taxes of ¥286,786 thousand and income taxes paid of ¥308,200 thousand, which reduced cash.

Cash Flow from Investing Activities

Net cash used in investing activities was ¥389,525 thousand.

The principal use of cash was for payments of ¥628,249 thousand for the acquisition of shares of E-News, Inc., and the principal source of cash was proceeds of ¥230,000 from the recovery of loans.

Cash Flow from Financing Activities

Net cash used in financing activities was ¥84,800 thousand.

Principal uses of cash were for scheduled and early repayments of long-term debt totaling ¥328,752 thousand and payment of cash dividends totaling ¥250,848 thousand, while an increase of ¥528,000 thousand in short-term debt due to short-term loans received provided cash.

3. Qualitative Data on the Forecast of Consolidated Results

The Company revised its forecast of consolidated results for 2009, as disclosed on August 6, 2009. The forecast for net sales was revised downward because sales of the Motivation Management business are forecast to fall below original plans, due to cutbacks in personnel, training and advertising related budgets by customer companies as a result of the economic downturn. In addition, forecasts for each stage of income were revised downward due to expectations of an increase in selling, general and administrative expenses of subsidiaries due to acquisitions and sales promotion expenses for future business recovery.

Note: The forecast for net income takes into account extraordinary losses including impairment loss of ¥136,906 thousand and expenses of ¥130,000 thousand to restore closed offices to their original state following closure of the Tokyo Branch (Shiodome offices), which were recorded in the second quarter period.

4. Other

(1) Changes in Significant Subsidiaries during the Period (Changes in Specified Subsidiaries due to Changes in the Scope of Consolidation)

E-News, Inc. became a consolidated subsidiary of the Company on January 1, 2009, and is therefore included in the scope of consolidation beginning in the first quarter.

Digit Co., Ltd. became a consolidated subsidiary of the Company on April 1, 2009, and is therefore included in the scope of consolidation beginning in the second quarter.

E-News, Inc. was dissolved by merging into Link Investor Relations Inc., and therefore was removed from the scope of consolidation in the second quarter.

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

Six Months Ended June 30, 2009 (January 1, 2009 to June 30, 2009)
(Simplified accounting procedures) 1. Appraisal method for inventory assets With respect to the calculation of inventory assets as of March 31, 2009, 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.

Six Months Ended June 30, 2009 (January 1, 2009 to June 30, 2009)
(Accounting procedures specific to the preparation of quarterly consolidated financial statements) 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 the category of Corporate and other taxes in the Statements of Operations.

(3) Changes in Accounting Policies and Procedures and Presentation Methods for Preparation of the Quarterly Consolidated Financial Statements

Six Months Ended June 30, 2009 (January 1, 2009 to June 30, 2009)
(i) From the year ending December 31, 2009, the Company applies the Accounting Standard for Quarterly Financial Statements (ASB Standard No. 12, issued by the Accounting Standards Board of Japan on March 14, 2007) and the Guidance on Accounting Standard for Quarterly Financial Statements (ASB Guidance No. 14 issued by the Accounting Standards Board of Japan on March 14, 2007). In addition, quarterly consolidated financial statements are produced in compliance with the rules for quarterly consolidated financial statements. Please note that for the six months ended June 30, 2009 (from January 1, 2009 to June 30, 2009), the amended "Regulations (for Quarterly Consolidated Financial Statements)" have been applied ahead of the date of enforcement of the amendments pursuant to the Proviso of Article 7, Paragraph 1, Item 5 of the "Partial Amendments of Regulations for Terminology, Forms and Preparation Methods of Financial Statements" (Cabinet Office Ordinance No. 50, August 7, 2008). (ii) From the year ending December 31, 2009, the Company applies the Accounting Standard for Measurement of Inventories (ASB Standard No. 9 dated July 5, 2006). Accordingly, the measurement standard for the values entered in balance sheets was changed from the cost method by the gross average method to the cost method by the gross average method of devaluing book value on a decline of profitability. The effect of the change on income and loss in the six months ended June 30, 2009 was immaterial.

5. Consolidated Financial Statements

(1) Consolidated Balance Sheets

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

	As of June 30, 2009	As of December 31, 2008
ASSETS		
Current assets		
Cash and deposits	935,261	1,362,494
Notes and accounts receivable	1,159,046	1,535,100
Work in progress	51,934	162,608
Merchandise and supplies	9,531	10,387
Prepaid expenses	128,353	98,443
Deferred tax assets	174,303	77,233
Other	34,013	25,529
Allowance for doubtful accounts	(6,604)	(7,932)
Total current assets	2,458,840	3,263,863
Fixed assets		
Property and equipment		
Buildings and structures	213,233	326,627
Accumulated depreciation	(90,336)	(140,274)
Buildings and structures - net	122,897	186,353
Vehicles and transportation equipment	5,540	—
Accumulated depreciation	(2,695)	—
Vehicles and transportation equipment - net	2,845	—
Furniture and fixtures	350,733	327,628
Accumulated depreciation	(234,808)	(205,090)
Furniture and fixtures - net	115,924	122,538
Total property and equipment	241,666	308,891
Intangible assets		
Goodwill	1,033,098	465,449
Software	287,394	285,749
Other	5,218	3,792
Total intangible assets	1,325,711	754,992
Investments and other assets		
Investments in securities	10,307	9,364
Security deposits and guarantees	581,728	575,487
Deferred tax assets	14,445	15,538
Claims in bankruptcy	14,220	10,678
Other	44,881	35,304
Allowance for doubtful accounts	(14,220)	(10,678)
Total investments and other assets	651,363	635,694
Total fixed assets	2,218,741	1,699,578
Total assets	4,704,581	4,963,442

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

	As of June 30, 2009	As of December 31, 2008
LIABILITIES		
Current liabilities		
Accounts payable	165,057	271,881
Short-term borrowings	540,000	12,000
Long-term debt due within one year	46,500	93,643
Bonds redeemable within one year	10,000	—
Accrued liabilities	134,212	177,241
Expenses payable	19,561	12,619
Accrued income taxes	10,727	313,176
Accrued consumption taxes	12,418	66,481
Advances received	59,513	71,871
Accrued bonuses to employees	87,079	95,440
Accrued bonuses to officers	—	611
Reserve for loss on returned goods	2,759	5,525
Other reserves	133,750	—
Other	59,473	49,324
Total current liabilities	1,281,052	1,169,815
Long-term liabilities		
Long-term debt	104,970	5,786
Total long-term liabilities	104,970	5,786
Total liabilities	1,386,023	1,175,583
NET ASSETS		
Shareholders' equity		
Common stock	979,750	979,750
Additional paid-in capital	734,595	734,595
Retained earnings	1,604,168	2,074,028
Total shareholders' equity	3,318,513	3,788,373
Valuation and translation adjustments		
Unrealized gain on securities	44	(515)
Total valuation and translation adjustments	44	(515)
Total net assets	3,318,558	3,787,858
Total liabilities and net assets	4,704,581	4,963,442

(2) Consolidated Statements of Operations

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

	Six months ended March 31, 2009
Net sales	3,715,214
Cost of sales	1,784,068
Gross profit	1,931,146
Selling, general and administrative expenses	921,948
Operating income	9,198
Non-operating income	
Interest income	701
Dividend income	152
Other	2,136
Total non-operating income	2,990
Non-operating expenses	
Interest expenses	2,553
Payment guarantee fees	244
Other	170
Total non-operating loss	2,968
Ordinary income	9,220
Extraordinary income	
Gain on donated fixed assets	2,000
Total extraordinary income	2,000
Extraordinary loss	
Loss on disposal of property and equipment	4,092
Office transfer expenses	199,185
Loss on lease cancellation	14,984
Loss on valuation of investment securities	—
Business structure improvement expenses	78,958
Other	786
Total extraordinary loss	298,006
Income (loss) before income taxes	(286,786)
Income taxes	(74,564)
Net income (loss)	(212,221)

(2) Consolidated Statements of Operations

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

	Second quarter of 2009 March 31, 2009 to June 30, 2009
Net sales	1,988,586
Cost of sales	766,874
Gross profit	1,221,711
Selling, general and administrative expenses	927,243
Operating income	294,467
Non-operating income	
Interest income	24
Dividend income	103
Other	916
Total non-operating income	1,043
Non-operating expenses	
Interest expenses	1,552
Payment guarantee fees	244
Other	20
Total non-operating loss	1,817
Ordinary income	293,693
Extraordinary income	
Gain on donated fixed assets	2,000
Total extraordinary income	2,000
Extraordinary loss	
Office transfer expenses	192,121
Loss on lease cancellation	12,061
Loss on valuation of investment securities	(1,215)
Business structure improvement expenses	78,958
Other	786
Total extraordinary loss	282,713
Income before income taxes	12,980
Income taxes	24,116
Net income (loss)	(11,136)

(3) Consolidated Statements of Cash Flow

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

	Six months ended June 30, 2009
Cash flow from operating activities	
Income (loss) before income taxes	(286,786)
Depreciation and amortization	87,408
Amortization of goodwill	100,963
Increase (decrease) in allowance for doubtful accounts	1,417
Increase (decrease) in allowance for employees’ bonuses	(8,541)
Increase (decrease) in allowance for officers’ bonuses	(611)
Transfer expenses	199,185
Business structure improvement expenses	78,958
Increase (decrease) in reserve for loss on returned goods	(2,766)
Gain on donated fixed assets	(2,000)
Loss on disposal of fixed assets	4,092
Loss (gain) on valuation of investment securities	—
Interest expense	2,553
Interest and dividend income	(853)
Decrease (increase) in inventories	112,056
Decrease (increase) in notes and accounts receivable - trade	462,416
Increase (decrease) in accounts payable	(85,320)
Increase (decrease) in notes and accounts payable	(146,429)
Increase (decrease) in accrued consumption taxes	(68,828)
Increase (decrease) in advances received	(17,521)
Increase (decrease) in other current liabilities	(8,908)
Decrease (increase) in other current assets	(26,143)
Subtotal	404,342
Interest and dividends received	853
Interest paid	(2,414)
Income taxes paid	(308,200)
Payment for transfer expenses	(5,071)
Payment for business reorganization	(2,415)
Officers’ retirement bonuses	(40,000)
Net cash provided by operating activities	47,094
Cash flow from investing activities	
Payments for acquisition of property and equipment	(36,908)
Payments for acquisition of intangible assets	(26,033)
Payments for acquisition of stock of subsidiary for consolidation	(588,857)
Payments for acquisition of stock of subsidiary	(7,920)
Proceeds from recovery of short-term loans	200,000
Proceeds from recovery of long-term loans	30,000
Proceeds from recovery of security deposits and guarantees	45,292
Payments for security deposits and guarantees	(2,032)
Other	(3,066)
Net cash used in investing activities	(389,525)
Cash flow from financing activities	
Net increase (decrease) in short-term debt	528,000
Repayment of long-term debt	(328,752)
Payments for redemption of bonds	(33,200)
Payment of cash dividends	(250,848)
Net cash provided by (used in) financing activities	(84,800)
Net increase (decrease) in cash and cash equivalents	1,312,494
Cash and cash equivalents at beginning of period	(427,232)
Cash and cash equivalents at end of period	885,261

From the fiscal year ending December 31, 2009, the Company applies the Accounting Standard for Quarterly Financial Statements (ASB Standard No. 12) and the Guidance on Accounting Standard for Quarterly Financial Statements (ASB Guidance No. 14). In addition, quarterly consolidated financial statements are produced in compliance with the rules for quarterly consolidated financial statements.

(4) Notes regarding Assumption of Going Concern

Second-quarter period (January 1, 2009 –June 30, 2009)

None applicable.

(5) Segment Information

a. Business Segment Information

Second-quarter period (January 1, 2009 – June 30, 2009)

Applicable information is not available as the Company's business and that of its subsidiaries, "management consulting motivation engineering," are in one segment.

b. Geographic Segment Information

Second-quarter period (January 1, 2009 – June 30, 2009)

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

c. Overseas Sales

Second-quarter period (January 1, 2009 – June 30, 2009)

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

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

Second-quarter period (January 1, 2009 – June 30, 2009)

None applicable.

(Reference) Consolidated Statements of Operations

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

	Six months ended June 30, 2008
I. Net sales	4,105,530
II. Cost of sales	1,638,296
Gross profit	2,467,233
III. Selling, general and administrative expenses	1,865,241
Operating income	601,991
IV. Non-operating income	
1. Interest income	1,235
2. Dividend income	224
3. Other	1,112
Total non-operating income	2,571
V. Non-operating expenses	
1. Interest expenses	1,348
2. Loss on insurance contract cancellation	480
3. Other	249
Total non-operating loss	2,078
Ordinary income	602,484
VI. Extraordinary loss	
1. Loss on disposal of fixed assets	261
2. Loss on valuation of investment securities	—
Total extraordinary loss	261
Income before income taxes	602,222
Income taxes	229,870
Deferred income taxes	17,335
Total income taxes	247,205
Net income	355,016

(Reference) Consolidated Statements of Cash Flow

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

	Six months ended June 30, 2008
I. Cash flow from operating activities	
Income before income taxes	602,222
Depreciation and amortization	66,535
Amortization of goodwill	65,299
Increase (decrease) in allowance for doubtful accounts	(693)
Increase (decrease) in allowance for employees' bonuses	(13,078)
Increase (decrease) in allowance for officers' bonuses	1,957
Loss on disposal of fixed assets	261
Interest and dividend income	(1,459)
Interest expense	1,348
Loss on insurance contract cancellation	480
Decrease (increase) in notes and accounts receivable - trade	402,230
Decrease (increase) in inventories	(1,892)
Increase (decrease) in notes and accounts payable	(225,692)
Increase (decrease) in accounts payable	(113,585)
Increase (decrease) in advances received	(75,883)
Increase (decrease) in accrued consumption taxes	(11,371)
Other	15,717
Subtotal	712,395
Interest and dividends received	1,459
Interest paid	(1,174)
Income taxes paid	(414,721)
Net cash provided by operating activities	297,959
II. Cash flow from investing activities	
Payments for acquisition of property and equipment	(127,201)
Payments for acquisition of intangible assets	(15,450)
Payments for acquisition of business	(80,000)
Payments for security deposits and guarantees	(45,683)
Proceeds from insurance contract cancellation	7,966
Other	(4,096)
Net cash used in investing activities	(264,464)
III. Cash flow from financing activities	
Repayment of long-term debt	(143,000)
Payments for purchase of treasury stock	(10,522)
Payment of cash dividends	(192,144)
Net cash provided by financing activities	(345,666)
IV. Net increase (decrease) in cash and cash equivalents	(312,171)
V. Cash and cash equivalents at beginning of year	1,668,877
VI. Cash and cash equivalents at end of period	1,356,705